

# The NATIONAL UNDERWRITER



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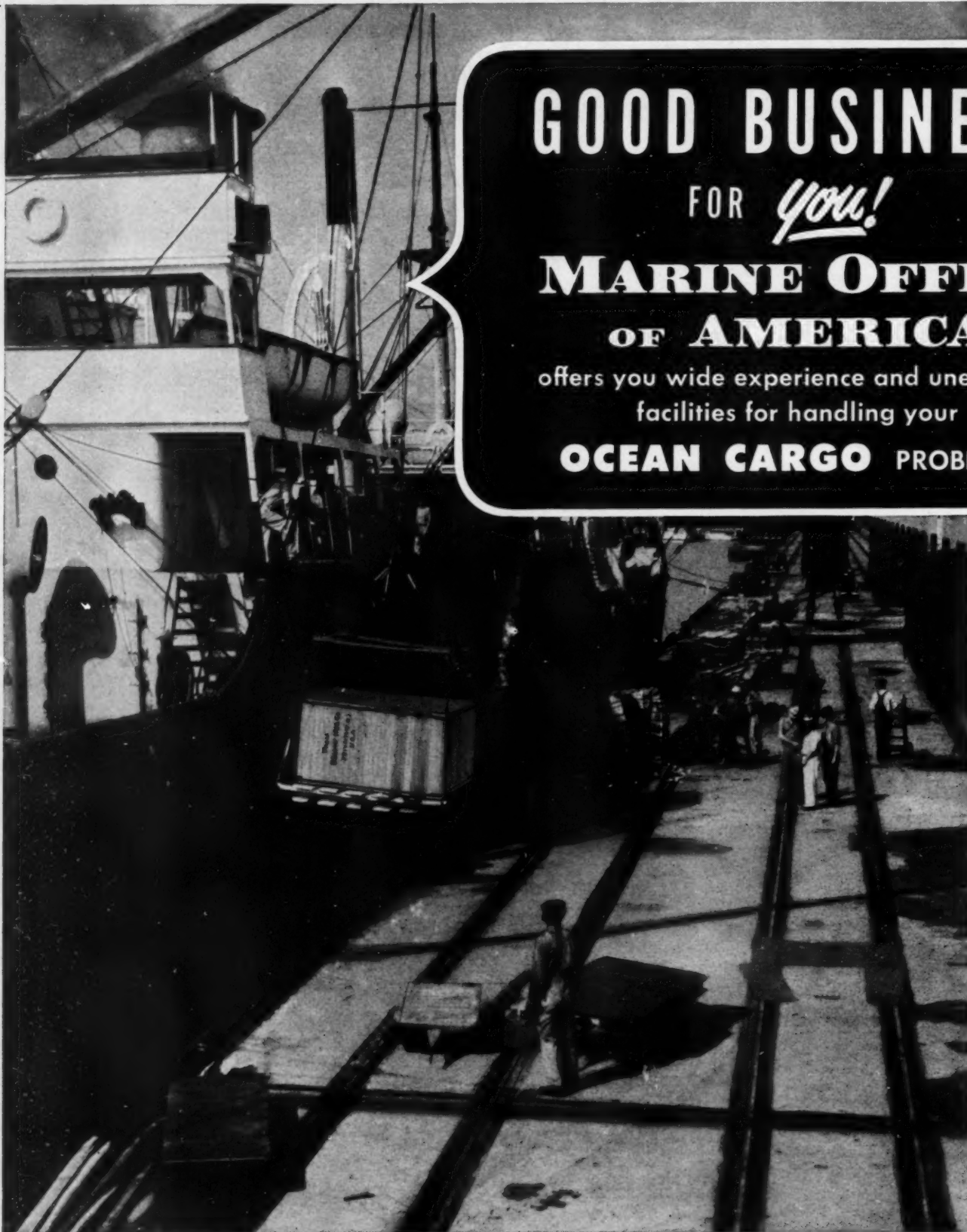
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INDIANA AGENTS CONVENTION

THURSDAY, NOVEMBER 20, 1947

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**ALL CLASSES OF OCEAN AND INLAND MARINE INSURANCE**



## Capacity Problem Well Delineated at Buyers' Parley

Flahive and Herd Give  
Constructive and Valued  
Analysis of Situation

The more than 500 insurance men and insurance buyers attending the annual meeting of American Management Assn. insurance conference at Chicago got their money's worth at the kickoff session Tuesday morning when the problem of market capacity was intelligently and dispassionately delineated. There was no simple solution offered, but the various suggestions that have been advanced were criticized and the exact nature of the problem was sketched by Frank B. Flahive, Columbia Engineering Corp., and J. Victor Herd, America Fore.

Mr. Herd distinguished himself by his masterful presentation and by the way in which he handled the questions



R. S. Bass



J. V. Herd

that were asked, a few of which were somewhat acid.

These potent insurance buyers and brokers and insurance company executives have developed into a well knit group and the discussions and program are ever highly valued as the years go by. This year there were several social events that served further to cement cordial relationships. Tuesday evening Marsh & McLennan and Rollins, Burdick, Hunter were hosts at sumptuous buffets and cocktail parties and Wednesday morning Lumbermen's Mutual Casualty had the group for breakfast. Vice-president R. C. Borwell presided over the Marsh & McLennan boards while President Herbert Lorber was officiating at the R. B. H. party.

### Alvin Dodd Leads Off

Alvin Dodd, president of American Management Assn., got the proceedings off to a strong start before an overflow audience Tuesday morning. He presented R. S. Bass, treasurer of A. E. Staley Manufacturing Co., Decatur, Ill., and vice-president of A.M.A. and head of the insurance division. Mr. Bass remarked that until recently emphasis had been on technicalities of contract application and interpretation. Now, however, attention is directed at management fundamentals as the basis of policy. He spoke strongly against calling on the government for insurance or excess coverage. "Let's keep insurance private enterprise," he exhorted.

"Are Insurance Markets Keeping Pace with the Requirements of American Business?" was the topic of the session.

Frank B. Flahive, vice-president of Columbia Engineering Corp., New York,

## October Losses Up 37% at \$55 Million

Fire losses in October totalled \$54,946,000, it is estimated by the National Board. This is 37% higher than the total in October, 1946, and 14% higher than that in September, 1947.

The 10 months figure now stands at \$572,928,000, exceeding the previous high record for any single year, which was \$561,980,000 in 1926, and compares with the \$561,487,000 total in 1946. The 10-month total was 24.7% higher than the first 10 months of 1946.

The Grace Line pier fire in New York City, which cost \$5 million, and the Maine-New Hampshire losses of about \$6 million, helped boost the October loss figure.

Figures for the first 10 months for 1947 and the two preceding years:

	1945	1946	1947
Jan. ...	44,865,000	49,808,000	57,180,000
Feb. ...	41,457,000	51,759,000	64,247,000
Mar. ...	40,376,000	53,252,000	72,435,000
Apr. ...	37,950,000	51,153,000	68,029,000
May ...	34,153,000	45,094,000	56,545,000
June ...	34,090,000	44,240,000	50,840,000
July ...	34,054,000	40,998,000	49,357,000
Aug. ...	34,096,000	40,019,000	51,359,000
Sept. ...	32,447,000	40,256,000	47,990,000
Oct. ...	34,470,000	40,108,000	54,946,000
Total	368,458,000	456,687,000	572,928,000

led off. He said the market situation has been extensively publicized and complaints and criticism have been uttered piecemeal. He said he would undertake to appraise the problem calmly.

Large firms, he said, are just as well equipped to pay their own losses as are the insurers, but they are keyed to run on an even keel, and important losses put them out of line. In buying insurance, the big assured is paying for amortizing non-recurring losses. For this the buyer expects to pay the bill.

Firms have become accustomed to shortages of labor, material and transportation but an insurance shortage is something new and is causing much anxiety. The shortage is brought about by high reserve requirements, state denial of credit for reinsurance in non-admitted companies, increased operating costs and losses at an all-time high, and lack of capital.

Proposed solutions include increasing insurance capital, forming a jumbo re-insurer and to do away with term insurance. The latter is highly disturbing to the large buyer because it is a move to increase rates.

Mr. Flahive said he is not extremely alarmed, but the buyer will have to turn to other sources if the insurance market can't fulfill the requirements, and there are but few such other sources. He said the buyer does not want federal insurance, but unless the private market comes to the front federal insurance participation may be inevitable.

### Not Temporary Situation

Mr. Flahive voiced the belief that the situation is not a temporary one or one that will automatically correct itself and he said the genius of the insurance industry should apply itself to finding a solution. He said that intensification of fire prevention efforts on the part of assured is highly important.

J. Victor Herd, vice-president of America Fore, took the place on the program for which Frank Christensen, president of America Fore, was scheduled. He said the problem of capacity narrows down to fire insurance. There is no important shortage in marine and inland marine. In casualty the question is not one of capacity but rather is one of selective underwriting in long haul truck, bus and taxi risks, which are a chronic problem.

Mr. Herd said there has been a rash of "pseudo progressives" who advocate scrambling of perils and writing a contract that says: "You are insured, pe-

## Armand Harris Is Named Minn. Commissioner

ST. PAUL—Gov. Youngdahl has appointed Armand W. Harris of St. Paul commissioner of insurance, to fill the vacancy created by the resignation of Newell R. Johnson, as of Dec. 1. Mr. Johnson's plans for the future will be announced later.



Newell Johnson

providing for state regulation of rates.

A past-president of Minnesota Assn. of Insurance Agents, he is well known throughout the state. A veteran of the first war, he studied law at St. Paul College of Law, passed his bar examination and for a while practiced law in Minneapolis. While practicing he did some insurance claim work for Standard Accident, then began devoting full time to such work, resulting in his entrance later into the insurance business in St. Paul. When appointed to his position of rate supervisor he relinquished all affiliations with the Armand Harris agency, turning the business over to his son, James.

Mr. Johnson is a native of Minnesota and has lived his entire life in this state. He was 50 years old May 30, and has been identified with the insurance business since 1920 when he became cashier of a bank at Gonvik. In 1927 he went with Travelers at Minneapolis and in 1930 he became general agent for Minnesota Mutual Life at Bemidji, where he established Insurance Service agency.

Mr. Johnson was appointed commissioner by Gov. Stassen in 1941 and was reappointed by Gov. Youngdahl in February this year for a six year term. He has also been ex officio state fire marshal and member of the state compensation insurance board.

He served as president of National Assn. of Insurance Commissioners and had an active part in the negotiations of that organization in bringing about the passage of public law 15 and also in the drafting of the model rating bills.

ried." If such scrambling should occur so that the experience on the various perils can't be identified and correct rates assigned, a chaotic situation would result. Also this would result in insurers assuming liability for risks in which they are not prepared to provide service.

### Distress Area Is Small

Mr. Herd said there is no problem in placing insurance on dwellings, which constitute 40% of premiums; likewise there is no problem in connection with mercantiles, institutions and other classes constituting another 40%. There is no problem for the big buyer on another 18% comprising small manufacturers, farms, warehouses, public buildings, transportation properties.

That reduces the area under discussion to about 2%. These are the big risks and of that business about three-fifths is covered in pools, so that the "distress area" comprises less than 1% of the entire field.

America Fore, he said, has not deviated in any way from its underwriting policy. He said he is not able to speak for companies that have deviated.

The matter of capacity is not related

(CONTINUED ON PAGE 10)

## Glassick, Shepperd to Pilot Aroused California Assn.

Commission Question  
Fires Huge Group  
at Coronado

### NEW OFFICERS ELECTED

President—W. B. Glassick, Hollywood.  
Vice-president—A. E. Shepperd, San Jose.  
Secretary-treasurer—Harold E. Barnhart, Visalia.  
State National Director—C. M. Putnam, Oakland.

### By FRANK W. BLAND

CORONADO — The 40th annual meeting of California Assn. of Insurance Agents opened with over 850 registrations, a new record. There is now a total membership of 1,869 in this



C. M. Putnam



W. B. Glassick

largest association in the country, which has given the National association three presidents.

California association has been a leader in educational programs throughout its 69 local associations under the capable direction of E. E. Hayden, executive secretary.

At the opening session, President C. M. Putnam introduced William P. Welsh, National president, who aroused the agents with announcement that a large and important company has just notified its agents of 10% reduction in fire and 5% in auto commissions.

This action, he pointed out, was taken even though a formal request was presented to companies at Atlantic City to withhold any action until association had the opportunity to complete the agency expense and operating costs survey now being conducted throughout the country which may be completed early next year.

### Buffalo Association Acts

In stressing the importance of strong local boards he said that Buffalo association took immediate action following the company commission reduction with result that no reduction was made.

Mr. Welsh outlined the activities of the national organization—the most important being fire and accident prevention work. He urged the strengthening of local boards, believes continuous education is important and requested companies to further cooperate in fostering this work. He asked agents to be active in public relations work and devote as much time as possible to civic activities.

President Welsh spoke highly of the good work being done by Frank C. Colridge, executive secretary, now in his third year at national headquarters.

In discussing the confidence and broad

(CONTINUED ON PAGE 8)

## Connecticut Agents Name W. J. Dodd as New President

### Resolution Adopted Disapproving Present Compensation Rate Procedure

#### NEW OFFICERS ELECTED

President—William J. Dodd, Waterbury.  
Vice-president—William W. Hatfield, Bridgeport.  
Secretary—Paul L. Avery, Granby.  
State National Director—Edwin S. Cowles, Hartford.

By DONALD REAP

HARTFORD—More than 300 attended the annual meeting here of Connecticut Assn. of Insurance Agents, making its first two-day meeting the largest in the association's 49-year history. Wil-



David A. North



W. H. Wiley

liam J. Dodd, Waterbury, was elected president and installed in office as were other new officers.

The association unanimously adopted a resolution expressing disapproval of the workmen's compensation rating procedure as giving an unfair advantage to companies doing business on a participating basis, stating that the best interests of the public are not being served because the present plan is cumbersome and expensive and goes far beyond the necessary regulation of insurance rates for the protection of the insurance buyer.

A resolution favoring the allocation of a greater proportion of insurance taxes to the budget of the insurance department was also passed. Of the \$5 million in insurance taxes received by the state, about \$200,000 is budgeted to the department.

#### Discuss Assigned Risk Plan

The first day's session was highlighted by a discussion of the Connecticut assigned risk plan and its near future revision and by a digest of the ideas advanced at the agency management clinic held at the University of Connecticut in August.

George J. Schepens, manager of the Connecticut plan, told the 205 present that the assigned risk application forms were being simplified and would contain only 20 sections instead of the approximately 80 contained in the present form. He said they are scrapping the requirement of having three letters of rejection from companies.

By Jan. 1, or Feb. 1, when he hoped all new changes would become effective, the agent may apply direct to the assigned risk manager for coverage and no letters will be needed.

In answering questions from the floor about delays in obtaining coverage through the plan, he said that his office is now handling applications two days after they are received. When the office was originally set up he expected to handle about 7,000 applications a year but this figure is now approaching 25,000 annually. The Keystone Mutual

## Western Insurance Bureau Eyes Commission Issue

At the semi-annual meeting of Western Insurance Bureau at Chicago Tuesday with President Herbert A. Clark presiding, the subject of great interest and which stimulated much discussion pertained to commissions in excepted cities. There were a number of expressions from the floor. The members evidently believed that there must be a reduction in such commissions. Whether there should be a uniform scale for all the excepted cities or whether there should be taken into consideration some of the present features and factors in some of them remains to be seen. It was thought wise to refer the question back to the directors with instruction that they give the subject further discussion and investigation.

It was the sentiment, however, that tornado and extended coverage commissions should follow the fire figure. It was stated that there should be unanimity throughout the country in this respect.

W. S. Whitford, Millers National, who

is treasurer of the bureau, gave his report and J. C. Hiestand, Ohio Farmers, presented the report of the uniform forms committee.

W. J. Christensen and F. W. Franzen, vice-presidents of Loyalty group, were elected to membership. W. B. Rearden, executive vice-president Loyalty group, was present as a guest.

#### Letter to Local Boards

It was voted to send a letter to all local boards advising them that Western Insurance Bureau has no affiliation with them and is not responsible for their rules and regulation. A similar letter was sent by Western Underwriters Assn.

The selection of time and place for the annual meeting was left to the directors. President Clark and Treasurer Whitford were again appointed as the press committee.

A luncheon was given the members but there were no ceremonies in connection with it.

Following a luncheon, which was unusual in that no speeches were made, many in the group toured the fire prevention laboratories of Factory Insurance Assn.

The influence of communists on American business life is more serious than we think, John G. Keenan of American Business Consultants, New York stated, urging that strong measures be taken to expose them and rout them out. Some are in the insurance business, he said.

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#### Accident Prevention Urged

Prof. M. D. Cramer of New York University safety center spoke on "accident prevention through educational conservation bureau." He asked the agents to help in making its driver education program effective.

John C. Stott, Norwich, N. Y., N.A.I.A. vice-president, was the final speaker. In telling about "The National Association," he spoke against governmental participation in the insurance business.

A silver cup was awarded the Wilimantic local board for best attendance at the convention. However, the award was made late in the afternoon and when it was announced there was no one present from that town to accept it.

The Middletown local board received a cup for its meritorious activities the past year.

### Herd Tells Story to the Buyers "For the Record"

J. Victor Herd, vice-president of America Fore, said he was speaking decidedly for the record when he was answering a question during the American Management Assn. insurance conference at Chicago. One of the members had indicated his belief that insurance men are not aware of the sharp increases in values that are taking place.

Mr. Herd said insurance men are all too well sensitive to the trend and told of an assured who suffered a loss that was agreed to as being \$40,000. Later the assured went to America Fore, saying he had no criticism of the insurer and was making no demand but when it came to making the repairs he encountered such terms on the part of the union as to guaranteed overtime and as to payment for time not actually worked that the job was going to cost \$52,000. Mr. Herd said the loss was reopened and the extra \$12,000 was paid.

"This," Mr. Herd remarked with a bow to his advertising department, "is for the record."

## Court Action on Chicago Commission Cut Threatened

### Chicago Board Resolutions Declare Reduction There Unjustified

Strong resolutions in opposition to reduction of commissions there have been adopted by the Chicago Board. The resolutions state that "all lawful means," including court action if necessary, will be used to protect the interests of the agents and the public.

The resolutions cite the action of Western Underwriters Assn. in recommending to its membership a new commission scale in Cook county, state that the announced plan would seriously jeopardize the business and stability of many agents and brokers and eliminate practices which have proven beneficial to the public of Cook county. They declare that "the adoption of such a scale under the announced conditions is unjustified and there is no immediate intent to pass any reduction in acquisition cost to the public through reduction in rates, and no emergency exists at this time to justify this new proposed commission scale."

It was therefore resolved that the members of the board "vigorously oppose any and all efforts to reduce commissions in Cook county in an arbitrary and inequitable manner and which fails to consider the many varied interests represented in our membership."

#### Would Determine True Cost

"We urge the companies to forego any attempt to unjustifiably reduce commissions until the true cost of selling and supervising the business by supervising agency members have been determined."

It is stated that the agents are and will be at all times anxious to discuss with the companies the question of commissions, which efforts thus far have been unsuccessful, and they "protest any plan which includes a new grade of commissions as being further burden upon the cost of doing business and prejudicial to the public interest."

It is recommended that each member protest to his companies individually as to their intended action, and that the companies be advised that the members of the board "are firmly of the belief that reductions in acquisition cost should be passed on to the public; and that we will use all lawful means to protect the interests of the public and the business of insurance in Cook county and maintain those practices which have brought repute to the business of insurance and benefits to the public, companies, agents and brokers."

#### L. P. Warren's Comment

L. P. Warren, president of the Chicago Board, in commenting upon the resolution adopted, stated:

"Not in many years have the supervising agents evidenced such unanimity of opinion on any subject as on this present problem. No official notice has been given the officials of the board nor has any opportunity been accorded us to officially discuss the many implications arising from their action. The agents of Chicago are interested in any plan which promotes the welfare of all those engaged in the insurance business to the end that the public may be better served. There are no problems too difficult of solution. However, the solution must be equitable, realistic and in the public interest."

"The implications of the plan are (CONTINUED ON PAGE 11)



## Square Off for Fight on Limiting Profit in N. Y. Law

**Companies Want It Confined to Underwriting; Hearing Is Big Show**

NEW YORK—The chief objection of companies to the proposed revisions in Section VIII of the New York insurance law is that they do not limit the "profit" to be considered in rate making to underwriting profit. This became clear at the two-day hearing here of the Mahoney joint legislative committee on rates and rating regulation. The committee is inquiring as to what legislation is necessary to bring the New York law into line with the implications of public law 15.

Further hearings on this point undoubtedly will be held. Chairman Mahoney tentatively has set the next hearing for Dec. 18-19 here.

About 135 company executives, rating bureau men, and organization officials attended the session. The hearing divided itself into two phases: Superintendent Dineen's explanation of the reasons for his proposed revisions, together with statements by opponents and proponents of those revisions; and testimony on rate making by officials of rating organizations, such as Martin Lewis, general manager of Surety Assn. of America; William J. Ward, general manager of New York Fire Insurance Rating Organization, and others.

### Same as Previous Proposals

The revisions outlined by Mr. Dineen are substantially those which he presented to the 1947 session of the legislature, which failed to pass. They bring this section of the New York law into substantial agreement with the all-industry bill. There are some exceptions, however, and the principal suggestion of Ray Murphy, counsel of Assn. of Casualty & Surety Companies, were to bring the New York law into even closer agreement with the all-industry measure.

There is added to subsection 3 of section 181 the provisions that "every rating organization shall notify the superintendent promptly of every change in (1) its constitution, its articles of agreement or association or its certificate of incorporation, and its by-laws, rules and regulations governing the conduct of its business, (2) its list of members and subscribers and (3) the name and address of the resident of this state designated by it upon whom notice or order of the superintendent or process affecting such rating organization may be served."

### To Avoid Monopoly

Rating organizations could become monopolistic, Mr. Dineen declared. The rules of democracy should apply; consequently, they can't change their rules without notifying the superintendent. He also said that when a company joins a rating organization it abandons its right to rate individually. Hence the addition of a provision in subsection 4 that notice of proposed changes in rules and regulations shall be given to subscribers.

Also, in subsection 4, it is provided that the reasonableness of any rule or regulation, or the refusal of any rating organization to admit an insurer as a subscriber shall be reviewed by the superintendent at the request of the subscriber.

Mr. Dineen explained that under this provision a rating organization cannot turn an insurer down. The cost of making fire insurance rates is tremendous,

## Warns Agents Against Making Appraisals

F. P. O. Potter, engineer of Automobile, writing in the "Actnaizer", sounds a warning to agents against placing valuations on properties for assured. The request to make such appraisal is the usual response to an agent's suggestion that an assured increase the amount of his insurance. The agent should view such requests with trepidation. He should advise appraisal by qualified disinterested parties.

When the agent makes the appraisal, the question is whether he or the company is legally or morally liable. Mr. Potter told of an agent in Pennsylvania who enjoyed the full confidence of a client and was permitted to place insurance for any exposure that he might observe without prior consultation with the client.

This customer bought an addition to his department store for \$15,000, notified the agent and he was immediately bound for \$12,500 at the 80% building rate. Within two years there was a large loss and the sound value was placed at \$28,500 by an independent contractor. The payment fell \$2,000 short of the actual loss sustained. The weight of legal opinion, Mr. Potter said, was that the agent could be held personally liable because of the peculiarities surrounding his relationship with the insured. The matter never reached court, being satisfactorily settled outside.

### Massachusetts Experience

He told of an agent in Massachusetts who had a client that purchased an abandoned powerhouse for \$2,000 and converted it into an artificial ice plant. Through insistence of a special agent, and without any estimate of value, the insurance was finally written for \$25,000 at the 80% rate. Subsequently the amount of insurance was reduced to \$20,000 and then there was a loss. An independent contractor placed the sound value at \$58,000 and the insured was coinsurer to the extent of \$2,500. Mr. Potter said that although there appeared to be no legal liability on the part of this agent, he may have been morally liable, and he lost the account.

Word got around the small town in which the agent operated to his detriment.

### Sales Price No Criterion

Mr. Potter emphasized that sales price has no relation to insurable value. In the absence of legal interpretation of the 1943 New York standard fire policy, the insurable value is being determined

and if an insurer could not use the rates of a rating organization, this might possibly put it out of business.

To subsection 7 has been added the phrase "as approved by the superintendent." This is the clause covering brokers. It was aimed specifically, Mr. Dineen said, at some of the rules of New York Fire Insurance Exchange, which, he said, do not reflect democratic principles. Specifically, a Manhattan broker can sell in Manhattan, the Bronx, Brooklyn and Long Island City, but the Brooklyn brokers cannot do the reverse. The matter is receiving attention, and Mr. Dineen said he was correcting some of these "quaint customs". He admitted that the exchange had a real problem on its hands because if there were no control of commissions, chaos might result. In addition, during the past year the exchange has divested itself of its rate making authority. It continues to have control over commissions, however.

### Cooperative Activity

A new subsection 10 has been added to section 181, dealing with cooperation among rating organizations and providing that the filing resulting from such cooperation is subject to all the provisions of the article which are applicable

by ascertainment of the replacement value less physical depreciation, less exclusion in the form attached to the policy.

Replacement value is determined by pricing the component parts of a structure. Because there will always be some moral question between an insurance company that estimates values, and the policyholder who depends on those values, no company can afford to use other than the segregated method. Accordingly, individual prices must be established for foundations, wall, floor, plaster, lights, plumbing, heating system and all other elements, and for the range, refrigerator, shades, venetian blinds, in owner-occupied dwellings. Then there should be added fees for engineering and architectural plans and supervision.

Then these elements must be depreciated in relation to their condition.

### Simple Charts Dangerous

Any structure that has a utility value should not be depreciated for obsolescence or other functional considerations. Simple charts and tables are dangerous, he said. The agent may become legally liable when he values a house, and the client insures to that figure. The client has placed reliance upon the agent's professed capabilities as a qualified appraiser.

The services of a qualified appraiser who is not an interested party is highly important. An insurance company being an interested party, cannot properly make an estimate of value.

The agent should advise his policyholders to establish a third party estimate wherever possible.

Apocryphal of Mr. Potter's warning, there is an embarrassing situation involving a \$500,000 loss that occurred this spring to a Masonic building in a middlewestern state. This building had been insured for \$100,000 without co-insurance, but the program was revised. Through the instrumentality of an agent, an insurance company field man appraised the structure at \$1,100,000, and it was insured under a 90% clause. About 30 days later there was a loss which has been agreed to at nearly \$500,000. An independent contractor estimated the sound value of the structure at \$2,600,000.

The insurance company whose special agent made the appraisal, has agreed to pay the face amount of its policy, but the other insurance companies have not made a final decision. The matter is still under discussion.

to filing generally. It gives the superintendent power to review such cooperative activities. Mr. Dineen said that on automobile rates, for example, Mutual Casualty Rating Bureau and National Bureau of Casualty Underwriters combine, which is in effect a 100% monopoly because all insurers writing automobile business are members of one or the other bureau.

A new subsection 12 recognizes and legalizes stamping bureaus, the policing machinery to see that rates are observed.

### Would Include Expenses

Under section 183, subsection (d), which deals with consideration given to past and prospective loss experience, the phrase has been added "to past and prospective expenses both countrywide and those especially applicable to this state." The superintendent has to give consideration to the expense portion of the premium dollar as it affects rate making, Mr. Dineen indicated.

A new subsection (e) has been added permitting risks to be grouped by classification for the establishment of rates and minimum premiums. This is to provide flexibility in rating.

A new subsection 3 recognizes the differences in systems of expense provision used by mutual, stock companies and

(CONTINUED ON PAGE 13)

## Butler, Preston Lead Rhode Island Agents

**Name Fisher Director; Lester Again Secretary; Paige Is Treasurer**

By WILLIAM A. SCANLON

PROVIDENCE — John B. Butler, Pawtucket, was elected president of the

Rhode Island Assn. of Insurance Agents at the annual meeting. He succeeds Carleton I. Fisher, Providence, who has been president for three years. Mr. Fisher has been named state national director.

The new vice-president is Robert S. Preston, Providence. William A. Lester, Providence,



C. I. Fisher

was reelected secretary and Donald S. Paige, Providence, was chosen treasurer.

Regional vice-presidents are: Herbert W. Rathbun, Jr., Westerly; A. Edgar Parent, Woonsocket; John J. Clarke, West Warwick; William W. Richardson, Barrington, and Gilbert A. Ramlose, Newport.

Mr. Fisher presided at the business meeting and was also master of ceremonies at the banquet. The meeting drew a good crowd and the banquet hall was filled to capacity. Roger Kenney, insurance editor "United States Investor," spoke at the banquet on rate regulation of a flexible nature. Rhode Island is one of the states that has not passed a rate regulatory law and he urged the agents to adhere to the program as set forth in their legislative proposals of a year ago.

### Fire and Marine Panels

The business session consisted of an information please panel on fire insurance and one on marine problems. Paul A. Colwell, Providence, a former president of the association, was moderator of the fire panel. Members of this panel were Theodore Mannix, Providence agent; William F. Cruise, adjuster of Pawtucket, and Timothy E. Hopkins, state agent for Equitable F. & M.

Henry E. Davis, Providence, also a past president, acted as moderator of the inland marine panel. Others who took part were Clifford Hollows, Boston Insurance Co., who substituted for C. Irving Rand, who was ill; Phillips P. Carpenter, Providence Washington marine department, and Jack N. Duffy, special agent Springfield Fire.

Jack Baldwin, assistant secretary National Assn. of Insurance Agents, treated the activities of the various committees of the organization.

### Audience Participates Considerably

The panels proved popular and many interesting questions on coverages were presented by the audience. Among the subjects discussed in the fire panel were extended coverage, reporting form of policy, the single state reporting form, mortgage clauses, business interruption, use and occupancy, builders risk form and the demolition clauses.

The many questions put to the inland marine panel had to do with the deductible class of personal property floater, open parcel post policy, principal exclusions in the personal effects policy, motor truck cargo policy, scheduling of fine arts in P.P.F. policy, bailee policy,

(CONTINUED ON PAGE 11)

## New Suits Filed Against Chilcote

**St. Louis Grand Jury Still Probing Embezzlement Charges**

ST. LOUIS—Donald E. Chilcote, president of Chilcote & Co., general agency, who is under \$5,000 bond to answer to a temporary warrant charging him with embezzlement of \$3,000 from the now defunct Mutual Commerce Casualty of Kansas City, and two St. Louis banks have been sued in federal court here for \$28,000 by Twin City Fire.

Twin City charges that a \$4,350 check it received from Chilcote Oct. 29 for premiums he had received on July business was returned by Plaza Bank of St. Louis for alleged "insufficient funds." Twin City charges Chilcote had sufficient funds in the bank at that time and when the check was written, but that the bank had appropriated them "to apply the same upon its own indebtedness."

### Names Tower Grove Bank

Also named as a defendant was Tower Grove Bank & Trust Co. The petition contends that Chilcote had deposited \$23,649 in that bank, this sum representing money he owed Twin City for policies sold by him between Aug. 1 and Nov. 1. Twin City asks the court to set aside for it the \$23,649 in the Tower Grove Bank.

The petition stated that Chilcote was discharged as Missouri general agent of Twin City when he refused to make good the check that came back from the Plaza Bank.

In the meantime the St. Louis grand jury is continuing its investigation into the financial affairs of Chilcote & Co. and its dealings with insurance companies and certain automobile finance concerns.

John L. Sullivan, Chilcote's attorney, after failing to get Circuit Attorney James W. Griffith to delay the opening of the grand jury investigation for 24 hours, so that he could confer further with Chilcote, advised Chilcote to stand on his constitutional rights and to refuse to testify at the inquisition. Sullivan has also advised Chilcote not to produce certain of his records sought by the grand jury under a writ issued by Circuit Judge Killoren.

### Appears with Joan Martin

Chilcote and Miss Joan A. Martin, secretary and treasurer of the agency, appeared at the entrance to the grand jury room but did not have the books and records sought.

The first witnesses heard by the jury were Superintendent Jackson and T. H. E. Mathis of Jefferson City and John J. McGovern, Jr., department examiners, who worked for Mutual Commerce Casualty until that concern was officially taken over by Mr. Jackson late in September. The jury recessed until the following day.

### Lloyds Reinsurance Issue

Mr. Jackson said about 20,000 policies written by Chilcote & Co. in Mutual Commerce Casualty contained an endorsement saying that they were reinsured in London Lloyds up to 90%, but "they didn't have a dime's worth of reinsurance with Lloyds and a lot of policyholders are going to be disappointed." Chilcote was vice-president and a director of Mutual Commerce as well as being general agent.

Mr. Jackson declared that Chilcote wrote many taxicab risks and received commission in the "unbelievable" amount of 35%.

False statements, Mr. Jackson asserted, were found in the annual statement of Mutual Commerce that was filed in March, 1946. He said the examiners discovered a deficit at that time of \$40,000 and the company was not licensed until the middle of the year when the

## Companies' Right to Profit Backed by Constitution

NEW YORK — The right of insurance companies to earn a reasonable profit is supported by the constitution and many subsequent judicial decisions, Abraham Kaplan of the New York law firm of Powers, Kaplan & Berger declared at the November meeting of the Insurance Accountants Assn. Because insurance companies are exposed to the hazard of conflagration, catastrophe, and uncertain loss ratios not governed by past experience, their profit should be even higher than that of the ordinary public utility in order to attract new capital, he stated. New capital is necessary to satisfy the insurance requirements of the public which have increased materially in the past few years.

About 75 members heard the talk which did not touch upon the profit formula currently being studied by a National Board committee.

### Profit Should Interest Capital

It is also clear, he said, that a reasonable profit is not anything above cost within the discretion of the regulatory bodies, and that a number of elements must be taken into consideration in arriving at what constitutes a reasonable profit.

He cited a court decision which said that the regulatory body is not the financial manager of the corporation, and it is not empowered to substitute its judgment for that of the directors of the corporation; nor can it ignore items charged by the utility as operating expenses, unless there is an abuse of discretion in that regard by the corporate officers.

The fire insurance industry has made a very modest underwriting profit in the last 25 years, he said, being approximately 2% of earned premiums. Although the increases in premiums are almost entirely offset by increases in losses, no consideration has been given to the additional acquisition cost of the increased premium volume.

At the meeting the nominating committee submitted a slate for 1948 officers to be elected in December. The tenor of the meeting was lightened by the antics of several of the waiters and waitresses. When the chairman of the dinner committee chided the headwaiter because the meal was a half-hour late being served, a waitress interrupted their conversation, asking, "Who are you, Taft or Hartley?"

company put up \$40,000. Similar situations existed in 1944 and 1945, he said, when E. L. Scheufler was the superintendent and Mutual Commerce had been required to put up \$25,000 to get licensed.

In 1947, he said, premium reserve was falsified and the department found the company needed \$100,000 more money. This was put up, but in the meantime Mutual Commerce had been writing business hand over fist as a result of the Kenstone Mutual Casualty blowup. The company was directed to cancel all business written in June and to write no new business in July. However, it was later discovered Mutual Commerce was issuing "binders" agreeing to reinstate the insurance Aug. 1.

### Turned to Chilcote

When Mutual Commerce was finally placed in receivership, Mr. Jackson said the department investigated Chilcote, because he owed the Company \$130,000. He said the Chilcote books are "in such horrible shape that I do not know whether we will ever be able to find out the total amount owed." However, he estimated that \$500,000 is about the figure.

Mr. Jackson said the Chilcote books showed many premiums received from sub-agents as being less than what was

## Bennett Says Rate Laws Won't Provide Full Cure of P. L. 15

BUFFALO—The passage of rating laws by the states doesn't bring the insurance business out of the woods so far as public law 15 is concerned, Walter H. Bennett, counsel of the National Assn. of Insurance Agents, said at the regional meeting of western New York agents here Thursday.

At most, he said, the temporary protection from federal laws afforded by the congressional moratorium is only to the extent that the business is regulated by state law. Where it is not regulated it falls under the federal statutes. There is little regulation in the mere passing of a law—witness the prohibition amendment, which, in fact, "unregulated" the liquor business. A rating law reposing and sleeping in the archives of a state depository, regulates nothing.

### Need for Competent Staff

Even the best insurance commissioner needs a competent and adequate staff, qualified in the ramifications of an intricate business, Mr. Bennett declared. This cannot be secured for "the paltry stipend" usually set up by a state legislature.

What causes Mr. Bennett much concern is what will happen when Congress takes a birdseye view of the whole country and sees many spotty conditions. As one commissioner stated, in substance, the industry thrust this burden upon us, we are not equipped to handle it, now let the industry come over into Macedonia and set up the machinery to run the plant.

He suggested that the industry prepare to go to every state legislature where regulation is inadequate and present the option of complete regulation or federal supervision. Involved would be a readjustment of compensation from the commissioner down.

### Some Straws in the Wind

He pointed out that of the unknown billions being spent by the government in financing low cost housing, a Wall Street financial journal says that by a conservative calculation \$1 billion a year is sheer waste—wasted on retarded labor, shoddy material and incompetent management. Insurance companies are unable or unwilling to furnish protection in a number of instances and a group of southern insurance agents recently advocated a federal government reinsurance corporation to protect property owners of the Gulf states. The president of the North America companies declares that the plain fact is that there is no lack of capacity, but a complete lack of confidence in today's rate levels.

"Do these and a score of other cross currents swirling through the stream of government invasion even of the insurance business cause you no concern?" he asked. What good will it do to pass a law and lose the thing over which the contest was fought?"

actually received. He said most of the premiums for Mutual Commerce policies were received on an annual basis, but Chilcote remitted to the insurer monthly.

### Finance Company Deals

Mr. Jackson said Chilcote had arrangements with three finance companies whereunder the latter were to pay their own losses up to 85% of the premium and he received 15%. He represented, according to Mr. Jackson, that this arrangement had been sanctioned by the department. This was not so, according to Mr. Jackson. None of the money went to Mutual Commerce.

In his first statement to the press Chilcote charged that Mr. Jackson is responsible for the heavy losses suffered by policyholders and claimants through

(CONTINUED ON PAGE 12)

## Agents Disturbed Over Commissions

**Will Insist on Facts Before Any Change, Stott Tells Conn. Assn.**

HARTFORD—Agents are disturbed because of the increasing frequency with which they are told that commissions in certain classes of business are to be reduced on specified dates without any accompanying explanation of the reasons, John C. Stott, Norwich, N. Y., vice-president of the National Assn. of Insurance Agents, told the Connecticut association at its annual meeting here.

They are disturbed, he said, because important companies reduce the level of rates in one section and tell another section that higher rates will permit of an expanded market. Agents must conclude there is too much instability for the good of the business.

The National association is grateful for the expressed intent of the Assn. of Casualty & Surety Companies to take no action commissionwise without first conferring with the agents. But agents will continue to be disturbed in this matter until other company elements similarly express willingness to cooperate, he stated.

### Wants Operating Cost Data

The association wants and will insist on complete data on operating costs before accepting any unreasonable downward revision of commissions. Agents are entitled to and believe it to be in the public interest that companies and the agents have these records before them before any action is taken. The National association is gathering agency data as fast as possible to give the answers to important questions, including:

What is an excessive commission on a policy measured by the service rendered by the agent?

What is too low a percentage of commission—so low it would stifle production of small business?

What is an excessive salary for company management or company association management or agency management?

What is too low a salary for these same important services?

"We believe it is in the interest of the public and state regulatory bodies that our companies cooperate with us in securing this data," Mr. Stott emphasized.

### Thompson to Philadelphia

Robert J. Thompson will be superintendent of the marine and automobile division of the eastern department at Philadelphia of Millers National and Illinois Fire. The department will supervise 12 states from Massachusetts to North Carolina.

Mr. Thompson served three years with the army air force and then entered the home office training course. After extensive instruction he traveled the mid-west and south as a marine special agent.

### Scott to Toledo Agency

J. L. Scott has joined Gill Associates, Toledo, as manager of the insurance department. He formerly operated an agency under his own name with Travelers. Upon return from four years in the army he was with the Loyalty group and Ohio Audit Bureau.

### Buxton Heads Minn. Mutuals

MINNEAPOLIS — John A. Buxton of Mutual Implement & Hardware, Owatonna, is the new president of the Minnesota Assn. of Mutual Insurance Companies. Hjalmar L. Hjermsund, Citizens Fund, Red Wing, is vice-president, and A. J. Dahlstrom, local agent, Minneapolis, secretary.



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Southwestern Dept.  
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Dallas 2, Texas

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The Girard Fire & Marine Insurance Company  
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National-Ben Franklin Fire Insurance Company  
Organized 1866

The Concordia Fire Insurance Co. of Milwaukee  
Organized 1870

Milwaukee Mechanics' Insurance Company  
Organized 1831

Royal Plate Glass & General Ins. Co. of Canada  
Organized 1908

The Metropolitan Casualty Insurance Co. of N.Y.  
Organized 1874

Commercial Casualty Insurance Company  
Organized 1909

Pittsburgh Underwriters • Keystone Underwriters

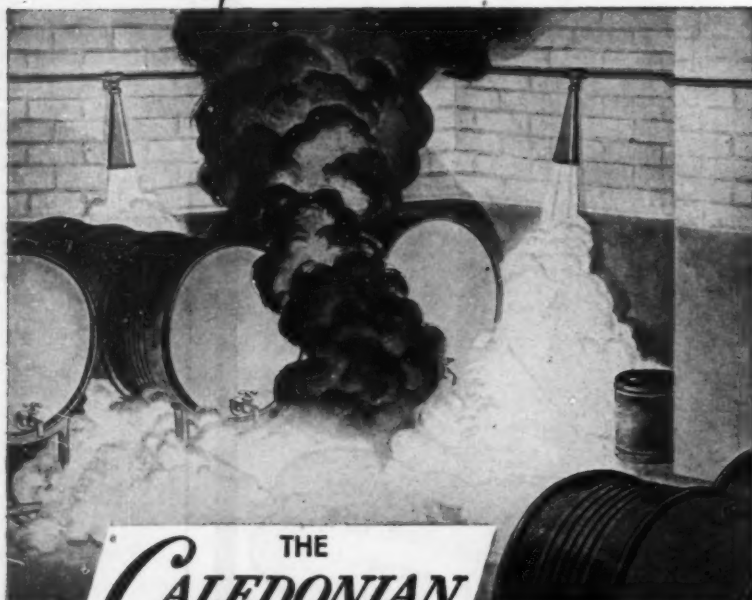


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Our policies have also played their part in giving more and more protection to homes and industry. Before railroads and steamships the Caledonian was satisfying policy holders—dependable for more than a century.



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## Cites Difficulties in Proposals to Increase Capacity

A careful review of the difficulties confronting many of the proposals to increase market capacity was taken up by Commissioner Allyn of Connecticut in his talk before the Connecticut agents meeting Tuesday.

On the idea of increasing working capital of fire and casualty companies, Mr. Allyn remarked that while some companies have already secured additional funds and others are considering such action, it is not easy to attract new money unless the venture holds out some promise of profit. Further, he argued, such an effort may, in itself, not solve the problem.

The commissioner noted that there are now some 400 fire and casualty companies licensed in Connecticut, and the proposal to form new companies is probably not the answer. A mere increase in numbers in an already well-stocked field is a doubtful solution.

### Reserve Changes "Intricate"

To reduce reserve requirements to permit increased underwriting is an extremely intricate question, he said. The principal obligation of the commissioner is to make certain that companies remain sound and solvent, and Mr. Allyn commented that he would weigh very carefully any proposed modification of "what we now consider sound practices."

Connecticut facilities are inadequate for an assigned risk plan for automobiles, he declared. He made no comments on proposals to create a huge reinsurance corporation.

Mr. Allyn said he placed at the bottom of the list the thought of "tampering" with agents' commissions.

In connection with reduction of production and acquisition costs, Mr. Allyn suggested that it may be an opportune time for companies to do a little gardening in the agency field and weed out inactive and part time agents, particularly those who give little or nothing in the way of service, either to company or public. It might also be in order to suggest that serious consideration be given to the elimination of special commissions in excepted territories, he said, adding that there are "too many of these territories, and it is difficult to see the justification for the extra expense entailed." That added expense is included in the acquisition cost on a financial statement, resulting in a distorted picture of what the average agent receives and could be used as an argument to justify commission reductions for all agents.

## Brokers Cease Pushing City Tax for Chicago Producers

Having determined that only through a change in the enabling law of Illinois through action of the state, can life agents and other solicitors be included in an ordinance imposing a city license tax on Chicago brokers, Illinois Assn. of Insurance Brokers has dropped an attempt to get them included. As there is little other sentiment for such inclusion it looks as if the brokers alone will be affected by a new ordinance which the city council is reportedly drawing up.

## Two Company Men Slated for F. C. I. C. Board

Announcement of the appointment of two commercial insurance men to the board of Federal Crop Insurance Corp. is expected next month. F.C.I.C. is now considering several persons for the post. Appointment of two commercial insurance men is required by recent congressional revision of the crop insurance act.

Jack Hyson, adjuster, addressed the Lincoln (Neb.) Association of Insurance Women at a dinner meeting.

## Give Reports on Catastrophe Loss Adjustments

General Adjustment Bureau now estimates that the fire companies will pay to policyholders in Maine approximately \$6 million as a result of the recent forest fires.

Latest reports indicate that about 1,125 houses and summer cottages were destroyed, in addition to many farm outbuildings and mercantile properties. The value of the buildings destroyed has been variously estimated at from \$10 to \$12 million, but adjusters report that many owners did not carry sufficient insurance to recover their losses in full.

G. A. B. remarks that this was the fourth major catastrophe which struck this country in the last seven months. The three other major catastrophes of 1947 were the tornado which crossed the Panhandle of Oklahoma and Texas April 9, devastating Glazier and Higgins, Tex., and Woodward, Okla.; the great explosion at Texas City April 16 and the hurricanes which swept the Florida and Gulf Coast in September and October.

Reinsurers providing catastrophe excess cover take the position that there were six separate and distinct conflagrations in Maine and that each of these is a single "occurrence" insofar as the excess cover is concerned. That is the deductible is applicable to each of the six conflagration areas.

General Adjustment Bureau in a progress report on Louisiana and Gulf Coast storm adjustments states that on the Mississippi gulf coast, there are 3,790 claims indexed; 2,412 closed and the average claim is \$350.

In Louisiana the comparable figures are 24,270, 15,642 and \$110.

G. A. B. has 150 adjusters working in these storm areas. Claims are being closed at the rate of 350 per day, and G. A. B. anticipates being more than 85% finished by Dec. 15. As the larger claims from the Mississippi coast are closed, the average loss per claim will be increased and will probably average \$1,000 or more.

## Alamo Pond Hears Report

Alamo Blue Goose, San Antonio, heard a report on the grand nest's Miami meeting from W. C. Storch, most loyal gander. He mentioned a possible contribution from the grand nest to the cost of entertainment at the annual meetings, and of the plan to pay 100% of the expenses of one delegate from a pond and 75% where two delegates attend. The suggestion offered at Miami that the basis of representation of ponds at grand nest meetings be changed to give more delegates to larger ponds was discussed. James Sims, North British group, was accepted by unanimous vote from the Tennessee pond.

## FIELD REPRESENTATIVES

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## Finance Insurance Men Give and Take at Chicago Meet

During the give and take of the insurance markets and underwriting forum of the American Finance Conference at Chicago, the insurance men did a good job of explaining the reasons for the shortage of the automobile insurance market. They stressed the necessity for finance companies to underwrite insurance at the time the application is taken and the need for continued patience and a realization that what insurance markets there are will have to be "nursed." They pointed out that no finance company can expect high advance commissions on insurance business.

The finance company representatives in turn seemed to feel that insurance companies should furnish more logical statistics to the finance companies and should have more tolerance for the problems of the finance people. They seemed to feel that the insurance market would be more favorable if adjustments had been made as carefully as they could have been.

### Criticism of Adjusters

Considerable interest was excited by the remarks of a representative of an insurance company which is wholly owned by a large finance corporation who charged that loss adjustments by the company adjustment bureaus and by independents are done on a quantity basis rather than a quality basis. He said that this is not because of lack of good adjusters, but is largely a fault of the management of the adjusting organizations which insists that so much work be put out that a good job cannot be done on any case. He admitted, after comments to that effect from the floor, that manpower shortage and the terrific number of claims have been partly responsible for the condition. He cited the favorable experience of his company in hiring its own adjusters and cited experience to show that his company has found that it saved great amounts of money on these salaried men who are given time to do a thorough job.

There was one comment that getting automobile insurance today is almost in the speakeasy category where a man has to have a slightly shady connection to get any coverage.

### Repairmen Seek Work

On the favorable side, it was brought out by one participant that automobile repairmen are now pleading for work and that the substantial rate increases are helping the insurance companies. This individual pleaded for patience and mutual tolerance between finance companies and insurance companies for a sound future when there will be 50 million cars and trucks on the road.

Several expressed the opinion that the finance companies should have been furnished comprehensive current loss statistics on a basis of incurred losses to earned premiums broken down as to class, type of individual and previous record.

It was brought out that there is no more competent to do underwriting on an automobile than the finance people who know the owner locally. Some of the insurance men feel that it is up to the finance company to write the good risks, professional men, executives, etc., and steer clear of submitting to insurance companies, risks on people in the high loss categories.

One of the members suggested that member companies of American Finance Conference aid each other in loss adjustment matters across the country. There were some of those present who had found it feasible to use outside collectors as insurance loss adjusters, at least in cases of emergency.

### Form Ky. Fire Prevention Group

Governor Willis of Kentucky has appointed a state fire prevention committee

to coordinate efforts to reduce fire losses. This is in line with recommendations resulting from President Truman's fire prevention conference. Insurance men on the committee include E. C. Hill, Louisville, president of the Kentucky Fire Underwriters Assn.; S. C. Barnes, Elizabethtown, president Kentucky Assn. of Insurance Agents; G. H. Parker, manager Kentucky Inspection Bureau, Louisville; J. Paul Ward, fire prevention supervisor in the Kentucky department.

## North Star Reinsurance to Add \$3 Million

A plan to provide \$3 million of additional resources will be voted upon by stockholders of North Star Reinsurance at a meeting Dec. 8. Stockholders are being asked to authorize a new class of stock comprising 30,000 shares of \$4 dividend (non-cumulative) preferred stock, par value \$10 each. The new shares would be issued at \$100 thereby increas-

ing capital by \$300,000 and adding \$2,700,000 to surplus.

## To Revise St. Paul By-Laws

ST. PAUL — Changes in the by-laws of Insurance Agents Assn. of St. Paul will be taken up at the quarterly meeting Dec. 3.

Karl E. Eppich, general agent, was speaker at the November dinner meeting of the Insurance Women of Denver. His subject was "Comprehensive Liability."

## Telling about Inland Marine... the EASY way



The most important factor in insurance salesmanship is public education — teaching buyers enough about insurance so they'll be willing to spend their hard-earned money for it. Unfortunately, people don't much like to be "taught" things, or to be "educated".

But the American people have a huge appetite for facts when they are stated simply and clearly instead of technically. Our columns in *Time* and *Newsweek* tell people about insurance in words they understand. They clarify technicalities that often confuse those outside insurance.

In the November 17 issue of *Newsweek* will be the column shown here. Not only does it explain the meaning of "inland marine" but it gives the reason for "floater" policies, and tells why people need the Personal Property Floater. This should help the agents and brokers who serve the two million people who will read that issue of *Newsweek* — not only our own agents.

For representatives of the Security Insurance Companies this advertising is a winning double play. They have the prestige of representing a company that is doing this constructive, valuable public relations advertising. Beyond that, they get, each month, reprints of these columns in attractive folder form to send with their bills, routine mail and mail advertising. There's a different column each month and a different folder. It's an ideal, economical local public relations job that any representative of one of these companies may use, to his profit.

## Security Insurance Companies

HOME OFFICE: NEW HAVEN, CONNECTICUT

Security Insurance Company of New Haven  
The East & West Insurance Company  
of New Haven  
New Haven Underwriters  
The Connecticut Indemnity Company



1841 — "Security." The Nation's Watchword — 1947

## PROPERTY INSURANCE

### What's "inland marine" insurance?

It's not insurance on vessels on lakes and rivers. That — curiously perhaps — is ocean marine insurance.

In general, inland marine insurance is a kind of insurance written on property that is or may be in transit from one place to another. Most property insurance holds good only at one specified place. In order to get insurance that will repay you for loss or damage away from that "named location" you frequently must buy this mis-named "marine" insurance.

For example, it isn't much help to insure furs, coats, jewelry, cameras or violins under a policy that pays only if the property is at one designated location when the loss or damage occurs. The loss may occur somewhere else, or in transit. For such property you should have an "inland marine" or "floater" policy — insurance that "floats" with and insures the property wherever it is. Similarly, a "tourist baggage" or "personal effects" floater insures the things you take with you when you travel, insures them against practically any loss or damage wherever they may be — except at home.

Until recently it was necessary to have a number of policies to cover your personal things both at home and elsewhere. You had to have fire, windstorm, burglary and several other policies to insure your things at home, and a "personal effects" floater to insure them away from home.



Now, through a relatively new form of "inland marine" insurance, there's a simpler way to insure your clothing, jewelry, bags and other things you take around with you. You may now insure them under a single policy that also protects the contents of your home (furniture, for example). All of your things are then insured under one policy, against practically all risks, wherever they are. This all-in-one policy is called a "personal property floater" — and you should have one.

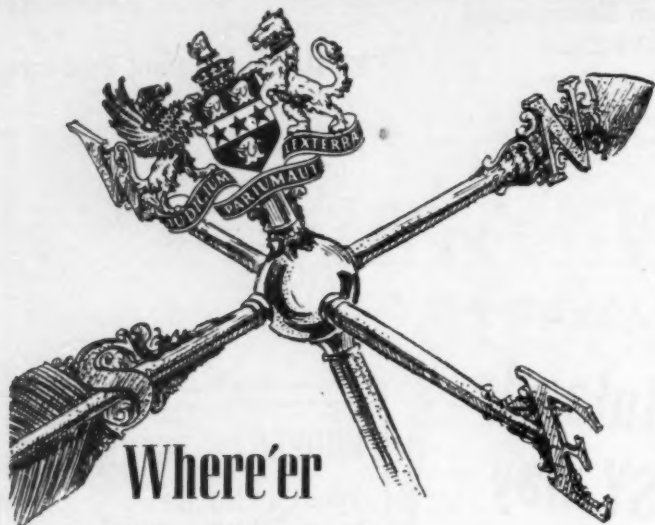
Changing over from a number of policies to this one contract calls for good insurance advice. A man who knows his business may save you money on this change-over. If you want to be sure you're consulting an insurance man who knows his business, see one who represents one of these companies: Security Insurance Company of New Haven, The East & West Insurance Company of New Haven, the New Haven Underwriters, The Connecticut Indemnity Company.



## SECURITY

Insurance Companies

Home Office: New Haven, Connecticut



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**THERE IS CAMDEN** In fair weather or  
foul, in war or in  
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**THE CAMDEN FIRE INSURANCE ASSOCIATION**  
and its thousands of capable, experienced agents  
have been giving policyholders the ultimate in  
insurance service. Bring your insurance problems  
to the office displaying this insurance symbol.



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by the  
Agents It KEEPS



**"Not enough" - we hear it all too often these days. That's why  
we continue to urge adequate insurance to protect the property owner.**

#### THE CHARTER OAK FIRE INSURANCE COMPANY

Country-Wide Insurance Analysis  
and Claim Service

Hartford, Connecticut

ONE OF THE TRAVELERS COMPANIES

## Glassick New Head of California Agents

(CONTINUED FROM PAGE 1)

authority given agents by companies, he urged that all should recognize the serious obligation of careful and intelligent underwriting and selection and that honesty and integrity be paramount. Mr. Welsh said all agents should and must take active interest in local and national politics to ward off ever present threats to private enterprise.

Herbert Kirschner of San Francisco closed the Monday morning session with



Ralph E. Bach



E. E. Hayden

discussion of public relations. A past president of San Francisco Advertising Club, Mr. Kirschner publishes insurance house organs and specializes in insurance advertising.

He discussed the development of effective public relations through research. "We are better and amply served in many ways because manufacturers and retailers have, by research, established our needs, preferences, attitudes and buying trends. The insurance business, producers and companies, should likewise establish continuous and permanent research laboratories," he commented. All segments of the insurance industry should cooperate in a long range public relations plan, institutional in character, Mr. Kirschner said.

Monday afternoon was devoted to a quiz session by Pacific chapter C.P.C.U. and an address by Dr. Elmer C. Nelson, economic consultant of Los Angeles. Mr. Nelson forecast several years of full employment and good business with little decline in property values.

#### Colridge on Commissions

Mr. Colridge of the National association treated problems facing agents in the study of commissions and urged association members to prepare figures on their agency operating costs to throw proper light on company-agent studies of the subject.

Mr. Colridge stated that N.A.I.A. surveys are providing the facts needed in presenting the agency side of the problem. Emphasizing that the part of the insurance dollar not necessary for pure loss must be used in the public interest, the secretary said that a direct obligation is placed both on agencies and companies to justify their capital return, management and miscellaneous expense and the service parts of the dollar.

"It is not in the public interest that we have insolvent insurance companies in America," Mr. Colridge emphasized, "and it is just as important that these United States be not dotted with insolvent insurance agencies."

#### DOWNEY ON RATING

The convention closed with a talk by Commissioner Downey who outlined and discussed in detail the new California rating law. A proposed all-industry act for California was defeated and the McBride-Grunsky is a compromise measure.

Commissioner Downey said that under this new law there shall be no restraint of competition through agreements. He said that the act forbids rate discrimination and provides for uniformity of coverage for similar class risks. It will make for competitive practices, he said, and while there will be no elaborate police setup to provide for enforcement the commissioner plainly stated that the law will be strictly enforced.

Following the talk the commissioner answered several questions from the floor especially on what the department attitude might be on companies which pay dividends, on moral hazards and on what will be considered as discriminatory.

What seemed to be the paramount interest in this year's convention was the commission reduction problem which seemed to be a threat to the agents and brokers incomes.

W. Shepherd French, president of the National Assn. of Insurance Brokers while not on the program was asked to speak on income versus expense. Mr. French stressed the fact that the expense of operating a brokerage as well as agency office has been an ever increasing factor and the gist of his remarks had to do with a very serious plea for an increase in commissions to agents and brokers. He pledged the continued support of the brokers' organization with the local and national agents' organizations toward this end.

#### Seeks 5% Surcharge

He proposed that something be done by way of securing a 5% surcharge on all business with the exception of life marine and workmen's compensation. He believes that the commission is earned when the policy is ordered, that no returns should be made to the assured and that the companies might do something about paying these returns.

Resolutions adopted were as follows: Agents were urged to engage in an active campaign in their communities to cooperate fully with the N.A.I.A. programs on fire and accident prevention. The next was on capacity, recognizing that companies are redoubling their efforts and facilities to meet the critical need and that all obstacles in accomplishing this purpose must be set aside. Commission again was mentioned in the resolutions and the association resolved to condemn any action of companies tending to reduce commission without first giving an opportunity to the National Association to collect and present cost data.

The convention received with great enthusiasm a resolution regarding American activities and the association pledged its full support to any committee Congress delegates to unmask such activities. They repudiated the conduct of any California resident who defies any congressional committee or refuses to disclose full information and pledge loyalty to his country.

A resolution extended felicitations to H. J. Thiel, Sacramento, a past president, who was unable to be present due to illness.

The final resolution was an expression of appreciation to the San Diego Exchange and all those who made the convention's program possible.

#### Local Officers Meet

Several sectional meetings were held and one of the most interesting was the breakfast meeting of the local association officers with Don Thompson, coordinator. William H. Menn, president of N.A.I.A., pointed out that the California association was built around its local associations and outlined in detail the structure of organization work. He urged agents to eliminate rate cutting and to expand and enlarge their coverages to maintain a high premium level. He believes an agent should justify his position with his company and in discussing the



**gents** policy writing agent said he believed the agent who does his own work is entitled to more compensation than the one who doesn't. A recommendation he made was that companies might consider attending policy coverages and he thinks that the dwelling house form could be written to include flood and water damage.

A. E. Shepperd, newly elected vice-president, talked about organization and objective of local association and recommended uniformity of by-laws and a schedule rendering the local organization self-sustaining. Active committees for all objectives are important and especially good public relations and memberships.

Joseph Gelcher, president of San Diego Exchange, told how his organization has sponsored a junior traffic patrol in cooperation with the police department. Some 1,200 school children are enlisted in this campaign with great success in the reduction of fatalities and accidents. The exchange annually gives trophy to the patrol that makes the best record. Another program that San Diego sponsors is Americanism in the schools and an essay contest is conducted among the 63 schools in the city.

Don Thompson, past president of the Mendocino association, outlined the duties and activities for the success and efficient term of a local association president.

Frank Colridge, executive secretary of N.A.I.A., closed the breakfast meeting with a discussion as to how the National association regards the California association as first in everything. He talked about accident prevention from humanitarian standpoint. He emphasized the continued activity in pursuing definite programs along the accident and prevention line.

At the closing session, Mr. Colridge gave a complete picture of the National offices and how they function. In 1929 he was secretary of the California association which then had 200 members. He said that all trade associations are necessary adjuncts to the economic life of the nation and operate to better serve the public and the members of the respective associations and encourage the free enterprise system. He pointed out that the strength and vitality of any association flows upward from the membership.

C. M. Putnam in his position as state association director made a report and explained the computation of the sliding scale of dues.

Neil Greene, chairman of the accident prevention committee, Sebastopol, said that California is now in third place in population and leads all states in the ownership of automobiles. He urges the National Automobile Club, an organization owned by the companies, take an active interest in accident prevention and he proposed safety councils at all towns and strict enforcement of traffic laws. National Automobile Club has recently employed an expert traffic engineer whose services may be secured by any city which wishes to improve its traffic problem.

Myrl Ott, Long Beach, chairman of the fire prevention committee, explained the activities of that group and said they were patterned after the National Association's program and called for a year around campaign.

A meeting of the Associated Agents Committee of Southern California was held during the convention session and Don Thompson was elected president. The installation of officers will be held at Huntington Park and presided over by W. B. Glassick, new president of the California association. On Jan. 16 a testimonial dinner will be given the National president, William P. Welsh, by the Pasadena association.

## New England Storm Loss May Run \$300,000 or More

A preliminary survey indicates that there will be approximately 2,250 claims, averaging possibly \$125 apiece, as a result of a northeast wind of hurricane proportions, accompanied by rain, sleet

and snow, which swept the areas of Cape Cod, New Bedford, Martha's Vineyard, Nantucket and around Providence, R.I., last week. The total insurance loss may run around \$300,000 or more.

The question of wave wash damage will not arise since there was little or none of it as a result of the storm. Additional adjusters have been sent into the area by the eastern department of General Adjustment Bureau, and a temporary office has been set up by the bureau at Hyannis, Mass., in charge of William Wallace from the Syracuse office. R. C. Turner of the New Bedford

office is in charge of overall operations in that area.

## Tell Arizona Rating Plans

LOS ANGELES—More than 50 managers, assistant managers and department heads of Los Angeles offices of members of the National Bureau of Casualty Underwriters and representatives of service subscribers for Arizona attended a meeting here at which John J. Savage of the Pacific Coast branch at San Francisco outlined the filings which the bureau will make in Arizona

before the new rate regulatory law becomes effective Jan. 1.

The filings will include all manuals now in use in Arizona and the experience and schedule rating plans already in use in Utah, Oregon and other states, which plans are almost identical with those filed in Arizona in 1945 before the former rate regulatory law was repealed. He said the Arizona Assn. of Insurance Agents has approved the rating plans, which are sufficiently flexible to accomplish a smooth transition to regulated rating under the new law.

# ADT Protection for THE JOHN HANCOCK BUILDING

Plans for the new 26-story addition to the Home Office Building of the John Hancock Mutual Life Insurance Company in Boston, include among its outstanding features the latest and most efficient types of protection, including ADT Central Station Protection Services.

These services, which safeguard against fire, burglary and other special hazards, were selected because of their adaptability to buildings of this character and as a result of the Company's favorable experience with ADT Protection over many years.

Among the services to be provided are: Automatic Fire and Smoke Control, which detects the presence of fire or smoke in air ducts and automatically closes dampers, shuts off fans, etc.; Manual Fire Alarm Service; Watchman's Reporting Service; Phonetalarm (sound detection) for vault protection, and Emergency Police Call Service.

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A NATION-WIDE ORGANIZATION



## Buyers Survey Market Problem

(CONTINUED FROM PAGE 1)

exclusively to the amount of capital in the business. Big accounts that in easy times never gave the insurers a break and worked the "soft market" are now up against it due to the sterner underwriting policy of the day. Also the companies are not temporizing with risks that "pooh pooh" recommendations of underwriters along fire prevention lines. He expressed doubt that a huge reinsurer, if it could be financed, could "earn its keep."

### Against Eliminating Term

Elimination of term business would be a step backward, he declared. Neither does he favor doing away with or importantly modifying extended coverage. Although E.C. has produced some "rough spots" ever since its introduction the experience has not been unsatisfactory. He closed with a warning against taking "panic action."

Mr. Herd was asked whether broad coverage or rate revision is in prospect by Factory Insurance Assn. He replied in the negative. He was asked why U. S. companies don't write excess cover for primary assured. He replied that

one big assured has been seeking fire insurance with \$100,000 deductible. To apply a large deductible is not susceptible to actuarially correct treatment.

Another question was whether the public would prefer to buy excess insurance rather than run the risk of being coinsured. A member of the audience said he hoped the insurers would not keep harping on catastrophe losses. He said he objected to insurers backing away from large concentration of risk.

### No Capricious Action

Mr. Herd voiced the belief that no insurer is capriciously getting rid of business. There is not an inflexible unwillingness to assume risk. He referred to the fact that a committee of company executives will shortly be visiting Florida to view underwriting practices to determine whether any modification can be suggested that will provide relief on windstorm and E.C.

One member asked what an assured can do who needs additional insurance to comply with coinsurance requirements but can't get it. Mr. Herd said substitution of the agreed amount clause

is not a solution and neither does he favor modifying or abolishing the coinsurance clause. He said it is possible that if the problem is brought sharply into focus, sufficient coverage could be obtained.

On a show of hands as to those that have difficulty in getting insurance they feel they need only about eight arms were upraised. At first only two or three hands went up, but the others went up in a somewhat tentative fashion.

### Stock Market Is Key

Mr. Herd said that last year fire premiums went up \$414 million, but reserves released exceeded \$350,000. Hence it is not premium reserve requirement that is so burdensome. The big trouble is a flat or downward stock market. A buoyant market would probably have an effect. "We have had inflation against us, but not with us," he said.

George Bonstelle, boiler manager of Lumbermen's Mutual Casualty, was asked to tell something about the world market. In boiler and machinery, the insurers lost heavily last year. The pure insurance premium on the high limits is small. London Lloyds gets commitments on bordereau through reinsurers and then through excess placed facultatively.

Another member said the public has invested in a comparatively small extent in insurance companies, particularly in the middlewest.

The public has leaned on the east and on London. Insurers can't be criticised too severely in view of the fact that investors have not been willing to enlarge insurance capital.

### Reinsurance Market

Another member said he felt there is a real opportunity for a big reinsurance market in the U. S. Mr. Herd referred to the formation about 15 years ago of Excess Reinsurance Assn., which is composed of 15 U. S. companies. This pool has made no money. Its net premiums in 1947 will amount to \$25 million. Reinsurance brokers have preferred, however, to continue to deal with Lloyds, and banks and other large assured have directed their business to London. Mr. Herd said each insurance facility is filling a peculiar need. He expressed the hope that no branch will dry up.

Paul H. Schindler, Youngstown Sheet & Tube, said he carried a total of \$30 million fire and E.C. U. & O. on five plants. It desired to cover two-thirds of its U. & O. value and absorb its continuing expenses. Since the continuing expenses have increased, the coverage problem is not as acute as it otherwise would be.

Another member referred to the formation of reciprocals by wholesalers and lumber men to meet market stringency problems in the past. A similar solution might be worked out today. Mr. Herd referred to the fact that 10 hands had been raised previously indicating difficulty in getting cover. Such a reciprocal might be the answer if each of the 10 would trust the other nine.

Another member said the buyers should stay by the insurers. He said there are risks on which there are \$180 million coverage. There was the Fall River fire a few years ago involving a stock pile of rubber in which the loss was \$15 million. On this note of praise for fire insurance did the session close.

Tuesday afternoon, with Harry L. Hubbell of Westinghouse Electric Corp., presiding the group got down to bread and butter matters. A panel of six gave specific counsel on how to provide model protection for the mythical Erewhon Manufacturing Co. The physical and financial outline of this enterprise was contained in the program and members of the panel gave valued suggestions on the applicable coverages. Members of the panel were F. V. Rudd, vice-president of Marsh & McLennan, Detroit; Felix Hargrett, assistant vice-president of Home; E. H. Kingsbury, assistant director of agencies of Roval-Liverpool; P. M. Fenton, Marine Office of America, Chicago; Walter R. White,

boiler and machinery production manager of Lumbermen's Mutual Casualty, and Elliott T. Rogers, bonding and burglary supervisor, Liberty Mutual, Chicago.

Wednesday morning the speakers were Paul H. Schindler, Youngstown Sheet & Tube, who told what he expects in the way of service from the broker; John W. Calkin, Gurney, Over-turf & Becker, who discussed dealings with insurers on the head of loss reserves on open compensation claims, and Peter Drake, Schenley Distillers Corp., who gave any firm that is contemplating self insurance a number of adverse things to take into account. Mr. Bass presided at this session.

### Hear University Economist

Luncheon speaker was Howard R. Bowen, dean of the college of commerce of University of Illinois, who gave a balanced appraisal of the economic outlook. He seems to believe that a business recession is inevitable, although he outlined encouraging factors that exist today that did not exist in previous boom periods. Alvin Dodd presided.

The final session Wednesday afternoon was devoted to "Current Thinking on Employee Pension Plans." So far as the insurance audience was concerned this was exclusively of interest to the life insurance contingent. Ivan L. Willis of International Harvester was chairman of this session.

Mr. Bass said that there was treated at the Chicago meeting all the topics that were suggested in replies to a questionnaire except for an analysis of the new rate regulatory legislation. This will be taken up at the spring meeting, he declared.

### Midwest Buyers Give Skit

The Midwest Buyers Assn. under the direction of Paul Schindler, Youngstown Sheet & Tube, presented an evening radio skit titled "Insurance Can Be Beautiful." Participants included H. K. Lane, Marshall Field & Co.; Gordon Purtell, American National Bank, and Betty Savesky, Chicago "Journal of Commerce."

W. W. Clement, executive vice-president National Assn. of Insurance Brokers, spoke on "It Matters How You Slice It."

## Highlights IN INSURANCE HISTORY

### FROM AN ANCIENT MYTH

The Board of Fire Underwriters is an evolution of the "Salamander Society", whose picturesque title was based on the ancient myth that salamanders could live in, or even quench, fire. While this famous Board, organized in 1819 and given its present title in 1866, has not discovered a human capacity for living in flames, its members have learned, among other discoveries and accomplishments, more about quenching flames than its founders could ever have imagined.

Since their foundation, the National Union and Birmingham Companies have had a part in the solution of many seemingly unsolvable fire insurance problems.

## National Union and Birmingham

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ONE THING  
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asks — "What did you  
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ready for him?

**The AMERICAN  
APPRAISAL  
Company**

Over Fifty Years of Service

OFFICES IN PRINCIPAL CITIES



## Chicago Board Shows Teeth on Commission Cut

(CONTINUED FROM PAGE 2)

nounced by Western Underwriters Assn. possess such serious aspects that we are prompted to believe many company officials voted for same without realizing it virtually means destruction of their agency business in Chicago. Economic rights and interests maintained over a long period of time based upon contractual obligations will be destroyed. We are, therefore, prepared to test the efficacy of their announced plan and to resort to court action to maintain those principles which have proven beneficial to the public interest.

### Illinois Agents Action

The directors of the Illinois Assn. of Insurance Agents at a meeting last week took recognition of reports whereby the Western Underwriters Assn. recommended to its members that there be a reduction in extended coverage commissions in Illinois, and after a thorough discussion, the following statement was adopted as the policy of the Illinois association:

"In our opinion, no reduction in extended coverage commission is justified in view of past experience on this class of business. We, therefore, oppose and protest any action by companies individually or collectively in reducing commissions, unless such saving is immediately passed on to the insured in the form of rate reductions.

"To the local agents in the state of Illinois, we recommend that every individual agent, if in agreement with the action of your board of directors, notify each company represented by them of their objection to any reduction in commissions."

## Rhode Island Agents Hold Annual Gathering

(CONTINUED FROM PAGE 3)

camera floater, theft coverage under the P.P.F. policy, personal inland marine insurance for professional entertainers.

It was brought out that the experience of the companies on the personal property floater has not been so good, but it is believed that the agent could help the situation if he would in all cases get insurance to value.

Walter R. Johnson, Providence, past state national director, was chairman of the nomination committee. President Fisher announced that plans are being made for an enlarged program of education in the state. Mr. Rand, Boston general agent, who was to take part in the inland marine panel, was taken ill suddenly in Boston and was rushed to the hospital.

Among those at the speakers' table was J. Austin Carroll, secretary of Providence Washington and former Rhode Island commissioner.

## M. M. Gorman to Talk on Sherman Act, Local Boards

M. M. Gorman, special assistant to the U. S. Attorney General, will address a meeting of directors of Pennsylvania Assn. of Insurance Agents and local board delegates at Harrisburg Dec. 5 on the applicability of the Sherman act to such local board rules as non-intercourse, in-or-out, and limitation of agencies.

The previous evening there will be a business meeting that will be attended by J. G. Mayer, assistant secretary of National Assn. of Insurance Agents.

John Moschel of Aurora, vice-president of region two of the Illinois Assn. of Insurance Agents, celebrated his birthday at a directors' meeting of the Illinois association at Chicago last week. All the officers were on hand and honored Mr. Moschel with a huge birthday cake.

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NU

## New Suits Filed Against Chilcote

(CONTINUED FROM PAGE 4)

the collapse of Mutual Commerce, contending that the department had been virtually running the company for eight months before it was finally thrown into receivership and could have greatly lessened the losses if it had compelled the concern to cease operations early in March when Mr. Jackson refused to renew its license.

Chilcote denied emphatically that he

is guilty of embezzlement from Mutual Commerce or any other insurance company. He stated that he acted only as a general agent for Mutual Commerce and was in no way responsible for its finances.

"Rather than wrecking Mutual Commerce," he said, "it wrecked me." He stated that he loaned the company \$60,000 last April to help pull it temporarily

out of the red, but has never been able to take over control of its affairs. That \$60,000 has never been repaid.

Chilcote added that Mutual Commerce owes his agency \$45,000 to \$50,000. Mr. Jackson has charged that Chilcote & Co. owes Mutual Commerce more than \$130,000.

### Recall Landwehr Loan

William B. Landwehr, St. Louis agent-broker, who was a director and vice-president of Mutual Commerce, in April put up \$40,000 to help put it on its feet. This loan, made about the time that Chilcote advanced the \$60,000 that has not been repaid, although a certificate of indebtedness was given to him by the company providing for payment in installments over a 10-month period.

Landwehr said that while he brokered business through Chilcote & Co. he had no other business connection with Chilcote and is not associated with him in any way. The \$40,000 was purely a business loan, Landwehr said.

Insurance examiners have said that Chilcote & Co. since August, 1946, had given Mutual Commerce policies with premiums totaling about \$750,000. As a result the surplus of Mutual Commerce evaporated.

### Superintendent Jackson's Statement

Mr. Jackson said the investigation has revealed that Chilcote had been authorized by Mutual Commerce to cancel flat policies against which there were no claims within 90 days after the policies. The policy holders paid that to the agency. How much of this money, if any, is still due the company must await a final examination.

A phase of the Chilcote agency's operations being checked into is agreements it had with three automobile finance companies in St. Louis under which a master policy was issued to each covering automobiles financed by them.

Associated Underwriters Corp., which was a general agency owned by William D. Jackson, who was president of Mutual Commerce, and Moss Silverforb, who was secretary and general counsel, had assumed liability for any assessment that might be levied against some 10 or 20 Mutual Commerce policyholders. An official of Associated Underwriters said they had tried, vainly, to make Chilcote cease attaching similar endorsements to policies that he wrote. All Mutual Commerce business, including that from Chilcote, was routed through Associated Underwriters Corp.

### Newspapers Are Aroused

All of the St. Louis newspapers have been carrying strong editorials, calling on the governor to move in and see that legislation is enacted to put a stop once and for all to insurance scandals in Missouri. These editorials all referred to the fire insurance rate case scandals and said that wherever loopholes exist that permit such a collapse as that of Mutual Commerce Casualty, legislation should be enacted. Mr. Jackson has been attributing the Mutual Commerce debacle partially to the fact that the department has had no control over casualty rates and hence Mutual Commerce was free to charge as little as it pleased in order to get the business and to pay whatever commission it pleased. Several of the editorials voiced the belief that casualty rate regulation should now be enacted in Missouri and that even more stringent laws are needed to give the state power to regulate the activities of general agents more closely. This Mutual Commerce-Chilcote episode may work to the disadvantage of those that are advocating a minimum type of casualty rate regulation in the state.

### Question as to Records

Chilcote and Miss Martin were ordered by Circuit Judge Williams to show cause why they should not be enjoined from altering the books and records of the agency or removing them from the jurisdiction of the court. He issued this order after Superintendent Jackson filed a suit in which he charged that the defendants are threatening to

change the agency's books and records and move them beyond the court's jurisdiction.

A true bill, based on the embezzlement charge, was voted by the St. Louis grand jury but the indictment has not yet been reported in the circuit court.

Circuit Judge Nangle on application of Great American Indemnity issued an order attaching the property of Chilcote & Chilcote Co.

Great American Indemnity also filed a suit for \$18,000 alleged to have been collected in premiums by Chilcote but never remitted.

### Embezzlement Count

A spokesman for Circuit Attorney Griffin said the embezzlement of \$2,000 charged in the true bill voted against Chilcote concerned funds which Chilcote is accused of retaining after reporting to Mutual Commerce that he had canceled policies in the company as had allegedly paid the \$3,000 to policyholders.

From 1940 to April, 1947, Associated Underwriters had a contract to receive commissions amounting to 35% of the business. Chilcote became vice-president and a director of Mutual Commerce Jan. 1, 1947, and on April 1 obtained a contract calling for payment of 35% commissions.

"The statute under which Mutual Commerce Casualty was organized," Mr. Jackson said, "permits anyone to establish a mutual casualty company by obtaining 200 applications for insurance and showing that the organizing company will have annual paid up premiums of only \$25,000. Then they can start business without another dime."

### Insurance Plan Ratified

DE PERE, WIS.—The city council has approved the plan of the insurance committee to place city building, contents and equipment insurance under a master policy, awarded to the Workmen's Insurance Agency, which will apportion the premium among other local agencies in the city.

The five-year budget plan fire and extended coverage policy will have an initial premium of \$3,069 and annual premium \$1,023, totaling four times the regular yearly rate. The city has been paying from \$1,200 to \$1,900 yearly of the multiple policy basis. Coverage now will be \$244,975 on buildings and \$28,225 on contents, or \$273,225. Sewage disposal plant and machinery is covered for \$100,000.

### Pave Way for Tax Levy

ST. LOUIS—A proposed state enabling act to give St. Louis proper legal authority to levy and collect a municipal income and withholding taxes is being drafted by the city's legal department for introduction when the legislature convenes next January. The purpose is to permit the city to levy a tax similar to the ¼ of 1% income and earnings tax which the supreme court knocked out several months ago. It would cover individuals and also net earnings of corporations.

### Mrs. Williams on Board

Mrs. Elayne G. Williams, Orlando, Fla., has been appointed as a director of National Assn. of Insurance Women, to take the place of Mrs. Lucille G. Doster of Montgomery, Ala., who resigned because of the condition of her health.

### Ben Jones Is Slated

St. Louis insured members conference of Associated Industries of Missouri at a luncheon meeting Nov. 25 will hear talk "Adjusting the Claim," by Ben Jones of Lawton-Byrne-Bruner agency.

Joseph J. Cardamone has opened an agency at Niagara Falls, N. Y. He was formerly with the Tavano agency and with Metropolitan Life.

The annual party and installation of officers of the ladies auxiliary of the Louisiana Blue Goose was held at the home of Mrs. Jules E. Simoneaux, president, New Orleans.

## UNDERWRITING 1879 STYLE

*St. Louis, Mo. May 31, 1947*  
 H. J. Quinn  
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 Gentlemen:  
 In reply to your postal card of yesterday - you will remember your policies with this company good and valid, notwithstanding the introduction of telephones into your building.  
 We do not consider the hazard increased sufficiently to take any exceptions.

*Yours very truly*  
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## See Fight on N. Y. Profit Limit Law

(CONTINUED FROM PAGE 3)

the state fund. It really provides flexibility to take care of dividends.

Under section 184 there is a new subsection 4 requiring the superintendent to review filings as soon as reasonably possible after they have been made. This section also provides that each filing shall be subject to a waiting period of 15 days, which may be extended by the superintendent for another 15 days on notice. The insurance business, Mr. Dineen said, has a right to function expeditiously and no bureaucrat should be allowed to hold it up. If the superintendent doesn't do his job properly, he should be removed, he declared.

Subsection 9 permits the superintendent to suspend or modify requirements of filing on risks, the rates for which cannot practically be filed before they are used. This permits the insuring of a bridge, a special bond, and so on.

A new subsection 11 provides for minority appeal. This is to meet the situation of a company which has given up its right to file its own rates or forms and then is stymied if the other companies in the rating organization turn down its suggestion of a new plan. This, Mr. Dineen said, is not theoretical.

### Effect on Agents

A new subsection 4 under section 185 deals with deviations, and Mr. Dineen spent some time explaining this portion of his revision. Agents, he said, sometimes are not happy over deviations because if a company paying 25% commission is not doing much business and decides to deviate 10% from the filed rate, it is going to look for the 10 points out of the agent's commission, paying the agent 15% instead of 25. Mr. Dineen indicated that he thought the superintendent's authority did not extend to doing anything about that situation.

If a company wants a risk, it makes a "flash filing" which is a fast turn on the corner, Mr. Dineen said. A company could cut the size of the class down and deviate, secure the target risk, and go on its way. The section attempts to prevent this.

Mr. Dineen commented at one point that the "commission is a part of the expense structure."

At another point Mr. Dineen said that the department sometimes finds a disposition on the part of those who make the rates to show less responsibility than is imposed on the superintendent to see that rates are fair, adequate and non-discriminatory. The companies have the prime responsibility to see that the rates are of this character.

### Really Prior Action Type

While the revision would give the state legally a subsequent disapproval law, in practice because insurers or rating organizations must distribute thousands of manuals when they change rates, they don't use them until the department approves them, he said.

Mr. Murphy explained that he is not opposed to the bill in toto. As a matter of fact it is an excellent job and a great improvement. However, he did have some suggestions. One was to qualify the term "profit" by the term "underwriting" wherever it is used, since it is called underwriting profit in 35 states that have adopted rating regulation. Its omission would give it significance it does not possess.

Subsection 5 of section 183 requires of insurers "such other information as the superintendent may deem necessary or expedient for the administration of the provisions of this article."

### Section Is "Too General"

Mr. Murphy said this was extremely general, and he thought it might put an undue burden on independent companies. Under section 184 he outlined three new subsections which would bring it

into closer accordance with the all-industry bill. One of them is the so-called Moser amendment regarding manuals, rules, etc. not being disapproved if the rates that are produced meet the standards of the section. Another would specify the time within

which the superintendent would have to indicate disapproval and why, and Mr. Murphy said that this was to obviate the filing of rates, their subsequent disapproval, and the necessary of making a refund.

The New York department adds to

the usual standard for rates or rules the phrase, "or otherwise unreasonable". Mr. Murphy would like to see this eliminated because it injects an uncertain element into the statute. Also it is not in the all-industry bill, and the insurance business would like to have as great a

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uniformity as possible.

Edward F. Curren, manager of Underwriters Rating Board at Albany, which makes rates for 12 cooperatives,

and John J. Berger, assistant manager of Taxpayers Mutual, both appeared in favor of the measure. Mr. Berger particularly praised the deviations section.

## Objections to Profit Terminology

J. Raymond Berry, counsel of the National Board, said that he had less criticism of the Dineen draft than some of the proponents of the bill. His single objection was with regard to profit and what he regards as a necessary modification by the adjective "underwriting." He referred to the so-called McCullough report which recently was sent to members of the industry by Mr. Dineen and suggested that the real discussion of a profit definition be held up until the basic ideas in the McCullough report are thoroughly explored.

Underwriting experience must be kept apart from investment income, Mr. Berry declared. Otherwise the public would face increased rates to make up investment losses, if they occurred.

Mr. Berry was questioned closely by members of the committee on his differentiation between underwriting profit and profit not so delimited. One com-

mittee member suggested that the companies invest a part of the unearned premium reserve, and that any money earned on such investment belongs to the policyholders. Mr. Berry pointed out that on \$100 of premium, the company pays a commission and gets the remainder, about seven-tenths, of the money 60 days later. By this time about one-sixth of the loss experience has occurred. Consequently it has to call on surplus in order to write business. He said it might be a reasonable assumption that the policyholders should get something on the investment income from investment of unearned premium money if the companies could pay taxes as the premium is earned and pay the commission as the premium is earned. One of the witnesses had referred to this view as resembling the assumption that a clothier had not earned the price of a suit until the suit was worn out. Mr.

Berry had suggested that it was more like assuming that the clothier was not entitled to the price of a suit bought on the installment plan until all the installments were paid.

Mr. Berry also pointed out that if rates are made considering investment income, then capital is going to leave the fire insurance field. As a matter of fact today high losses and poor underwriting experience has made it difficult to get additional capital and to maintain a market equal to the demand for insurance.

It was brought out that the New York department, which has been operating under the terminology, "reasonable profit," in practice has been looking on the underwriting profit only in making rates.

Mr. Berry called attention to subsection 7 of section 181, dealing with brokers, and wondered if this does not by indirection permit the regulation of brokerage commissions.

Subsections 6 and 7 of section 183, referring to promulgation of statistical plans and rules on a countrywide basis and the exchange of information for the purpose of furthering uniform administration of rate regulatory laws should have, as does section 189, a provision for hearing before a department ruling goes into effect, Mr. Berry said. Mr. Dineen said he thought this was a reasonable request.

The first sentence of the deviation section covers both fire and casualty while the second sentence covers fire specifically. Mr. Berry suggested that the first sentence be limited to casualty in order to avoid confusion.

### Wants Time to Think

Mr. Dineen said that the question of underwriting profit is a large order and may take several sessions. He pointed out that he is chairman of the subcommittee of the commissioners on the underwriting profit formula and would like to forego any conclusions until the industry has had a chance to rebut the McCullough report.

He said the law in New York for years has defined the term as "reasonable profit." "Do we want to say underwriting profit, which I would interpret as an effort to limit the present New York law? Now both underwriting and investment income is included. Technically the department doesn't consider investment income in making rates, but investment profit does influence rates indirectly. The factory mutuals once a month compute the investment income made on policyholders' money held and then they return a percentage to the policyholder which includes the investment income. Would some companies like to prevent this from happening?" Mr. Dineen asked. If so, he said he would hate to face policyholders on that point.

In the workmen's compensation rate structure in New York the rate unlike others doesn't contain a profit allowance. The profit includes investment income in part at least. With the profit limited to underwriting profit, rates might have to be increased.

He said that as a matter of law unearned premiums belong to the companies.

### Objects to Delimiting Term

"I object," he said, "to not considering the element, of investment profit in making rates."

Mr. Reux of the legislative committee called attention to Mr. Dineen that he had said workmen's compensation companies seem to be content with the rates they are getting in New York. How do you know this? he asked. Don't companies take on workmen's compensation risks rather reluctantly? They feel that they should get other lines in order to sweeten up the workmen's compensation. They may not be content with the rates as they are today.

Mr. Dineen pointed out that 60 to 70% of compensation business in New York is written by the state fund and the mutuals. Consequently there is a narrower margin in this field than there is

in any other. If compensation rates become at all lush, the mutuals and the fund will take the business. He said he did turn down the last compensation rate increase applied for by the companies because they didn't allow any consideration of increased wages. Mr. Reux pointed out there was more detail and expense in handling compensation risks and Mr. Dineen admitted that.

### Can't Go Off Half Cocked

On underwriting, there are millions of dollars involved, and no public officer can go off half cocked. Consequently, Mr. Dineen said, he wanted more time to think it out. He wants the facts and figures before making a decision.

A committee member suggested that the McCullough report be incorporated in the joint committee's report to the legislature. On that basis it would also like to include the rebuttal from the industry, whenever that is ready. Mr. Dineen said that it took three months to get up the McCullough report and that the industry should be given ample time to make a rebuttal. The legislative committee's report is due Feb. 1.

## AGENTS' VIEWS

J. W. Rose, Buffalo, appearing for New York Assn. of Insurance Agents, said the association favored the bill but had a few recommendations. In general he thought the yardstick should be the least legislation necessary to keep the federal government out of the insurance business.

The phrase "or advisory" has been added to the terminology "service organization," and he thought this was dangerous inasmuch as agents inspect risks and adjust losses and in effect act in an advisory capacity to insured. He said he knew that the phraseology was not intended to apply to agents, but this should be clarified by adding to the present exception of attorneys "nor to licensed insurance agents or brokers."

In discussing the addition of underwriting to the term profit, he said that the profit on capital or other funds held by the companies should not be taken into consideration. It is said that premiums paid are insured's money until earned, which doesn't make sense. It is like saying that a clothier is not entitled to the price of a suit until it is worn out. If there are losses on investments, then the rates would have to be raised to cover that loss.

### Sorry W. C. Left Out

In the section on assigned risk pools, he said he was disappointed to note that workmen's compensation is exempted. There is no class on which there is a more restricted market than workmen's compensation, and assigned risk plans should include it to give an unrestricted market to insured who are required by law to carry it.

Regarding the deviation section, he said it was not right to permit an insurer to use rates established by a rating organization at great expense and then to allow them to deviate from those rates. If they can do a better job than the companies who are members of a rating organization, then they should make their own rates and use them. He said he was particularly interested in Mr. Dineen's statement that a company with a normal expense and loss ratio might want to take competitive advantage by taking a 10 or 15 point differ-

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tial out of the agents' commission and after it had acquired a considerable amount of business, return to the old commission level. He said it should be made clear in the law that experience over a period of time—he suggested three years at least—should govern. Companies should not be allowed to do this on the basis of "futures".

R. H. Lord of Associated Factory Mutuals said there was no provision in article VIII for the return of the unused or unabsorbed portion of the deposit premium. He pointed out that this is not a dividend. He suggested that the definition of dividends be amended to include this language.

E. V. Palmer of Board of Title Underwriters appeared.

George H. Ort, secretary, appeared for Insurance Brokers Assn. of New York and filed a memorandum which in effect called for a good deal less legislation than proposed in Mr. Dineen's revision. He said there was a wide conflict of philosophy on what public law 15 calls for in the way of legislation.

## BUREAU TESTIMONY

Joseph G. Bill of Inland Marine Underwriters Assn. was questioned by Gilbert Pedersen, counsel of the committee. He stated that registered mail is in the process of being taken over for rating purposes by the bureau at the request of companies. The bureau will compile experience, formulate rates and rules. Questioning by Mr. Pedersen brought out that on approximately \$2½ million of insurance on registered mail the loss ratio last year was 1.26. Mr. Bill was asked if he had any comment, and he pointed out that the bureau had had no jurisdiction. Also, he said, the premium is not indicative. He asked if Mr. Pedersen intended to indicate that this was an excessive profit, and Mr. Pedersen commented, "Well?"

Legislator Reux asked who bought this kind of insurance. Mr. Bill replied that the banks did.

"Do we have to worry about the banks?" Mr. Reux asked. "Have they complained?" Mr. Bill said no. He added that rates are so low on the business that it can't be handled at any less. There is also a catastrophe hazard. Every night in New York City there is 10 times the annual premium in exposure.

Mr. Lewis was questioned regarding the method by which Surety Association and its predecessor, Towner Rating Bureau, arrived at rates.

Under the new setup, he said, there will be an executive committee and eight divisions of activities with an advisory committee for each. These committees will discuss all phases of the business.

### Effect of New Setup

Mr. Mahoney asked if members of these committees are representative of the top level executives. Mr. Lewis said that yes, they had been in the past. What about this under the new setup? Mr. Mahoney asked. With eight divisions, Mr. Lewis replied, the committees now also will take in technicians as well as top executives.

"The only thing we know are the losses that are discovered," Mr. Lewis said. "We don't know anything about the losses that have taken place but are undiscovered. Losses are discovered daily that have occurred over a period of from one to 20 years, and we have to give credibility to these undiscovered losses in rates."

"In the past 11 years in the fidelity field there has been no increase in rates, but several big decreases on important classifications. This is a good thing," he said. "It broadens the field of operations of the business and gives it spread in the economy."

In the surety field, he added, the surety company loans its name, just as a bank loans money. The surety company sells credit. If its underwriting is good, its operations efficient, it does the very best job when it has no losses. It then knows that it has selected risks

properly and extended credit to those entitled to it. He emphasized that the cycle of losses in the surety business is a long one, and that the rates are fair, safe and are based on the value of services rendered. He stressed the widespread availability of the services of the surety company and the value of this to business and industry.

The low loss ratio then is due to good underwriting? Mr. Pedersen asked. Yes, Mr. Lewis replied. Taking a 10 year showing is not justified, that is too short a time, Mr. Lewis said. It takes 25 years.

Mr. Pedersen said that in 1946 there were less than zero dollars of losses in New York, and the loss ratio in 1945 was 4½%. Mr. Lewis pointed out that these contracts have a long time to run yet.

Loss ratios don't mean anything in the surety business, you sell credit? Mr. Pedersen asked. Yes, Mr. Lewis replied.

The business is fortunate to pile up some reserves for bad times; it may be headed for a complete reversal of the present low loss ratio.

Why can't your members write at as low a rate as independent companies?

"Our members write average business, they don't skim off the cream, they afford a general service," Mr. Lewis replied.

Would you say that in effect members

of Towner Rating Bureau have a monopoly? one of the committee members asked.

"With 51 bosses—48 states, the District of Columbia, the territories of Alaska and Hawaii—and with three or more in each insurance department feeling that they are bosses, we'll be lucky to survive," he said.

Bank depository bonds and guaranteed mortgages in 1929-1933 contributed substantially to the high loss ratios in those years? The reply was yes. Are you writing any of that business now? A few depository bonds, he replied.

Returning to the mention of the word "monopoly," Mr. Lewis said that there is no class of business more competitive than surety. The surety companies compete with personal surety, with deposits of securities, with banks which try to get the big deals and leave the surety companies the small ones, with independent companies, and among themselves. He said that he didn't want to leave the impression that the independent companies don't serve a useful purpose. They do. On large construction projects that might run \$15 to \$50 million, the facilities of all companies are required for capacity. These bonds run from three to five years. The companies won't know for from four to five years whether the business is profitable or not. Losses in the business are slow

to mature. The apparent profits represent trust funds for the payment of losses on maturity of liabilities.

"How does article VIII affect your operations?" Mr. Pedersen asked William J. Ward of New York Fire Insurance Rating Organization. He replied with an example. Recently a new class of business has developed, self-service laundries that are coin operated. There was no occupancy rate. The rate committee considered the subject. It had a class for hand laundries, and it has given the coin operated laundries the same classification with the same rate. This was filed with the insurance department and accepted.

His response to questioning developed the fact that there are no loss figures on hand laundries. He pointed out that there is not enough credibility on a statewide basis, though if the figures were available nationwide for a subdivision classification of this kind it might help in making rates. The new classification system that is being used in the fire business now will give rating organizations more information on which to base rates more accurately, Mr. Ward said.

William Leslie, manager of National Bureau, and Henry Sayer, manager of Compensation Rating Board of New York, appeared. They explained the operations of their organizations.



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## W. H. Harrison, Ia. Veteran, Retires

Will H. Harrison, superintendent of the Iowa service office of National Fire, on Jan. 1 will avail himself of the opportunity to retire from active duty under the company's pension disability plan.

For several years Mr. Harrison's health has not been good and in order to permit him to take things a little easier, he was relieved of field responsibilities last April, to devote his entire time to the work of the Iowa service office. However, it is hoped that complete retirement from business responsibilities will prove more beneficial to him.

Mr. Harrison served National Fire in Iowa for over 35 years. During this time the business was developed on a sound and profitable basis. Mr. Harrison is well known and highly regarded.

John M. Howenstein, now in charge of the sub agency department at Chicago, has been promoted to superintendent of the Iowa service office. After being discharged from the army in 1946, Mr. Howenstein was employed by National Fire and placed in the underwriting department at Topeka. Later he was transferred to Chicago.

Mr. Harrison was born at Davenport, Ia., in 1882. In 1904 he went with National Fire as special agent in Iowa, but gave up part of those duties in 1909 to purchase an interest in the Snider & Harrison local agency at Davenport. In 1912 he became Iowa state agent of Commercial Union and in 1919 joint state agent for Aetna Fire. The next year he returned to National Fire. He was most loyal gander of the Iowa Blue Goose in 1912, president of Iowa State Fire Prevention Assn., scribe of Ashcota Tribe and president of Davenport Rotary Club in 1912.

W. H. Harrison, Jr., is in the Iowa field for Phoenix of Hartford, and another son, John Dean Harrison, is with W. A. Alexander & Co., Chicago.

## Kleber to American as Indiana Special Agent

American has appointed Nicholas G. Kleber special agent in northern Indiana, succeeding J. W. Byrne, who has been transferred to the home office as a field supervisor.

Mr. Kleber has been in the business for nearly 20 years, recently as Illinois and later Indiana state agent for Royal-Liverpool group. His headquarters will be in the Chamber of Commerce building, Indianapolis.

## Anderson Succeeds Sisson in Okla. for Phoenix, Conn.

Herbert S. Anderson has been appointed state agent in Oklahoma for Phoenix of Hartford to succeed William Sisson, who has retired at his own request after 40 years with the company.

## Molitor Joins Nat'l Union

The Pacific department of National Union has appointed Carl M. Molitor state agent for southern California in Los Angeles. For two years he has been with Pacific Fire Rating Bureau following navy service as a lieutenant commander in the Pacific area.

## Two New La. Life Members

Edward Bourne, General Adjustment Bureau, and R. P. Strong of Robert Gottschalk, Inc., New Orleans, were presented life membership certificates at the November meeting of the Louisiana Blue Goose. The presentation was made by Eugene S. Waggaman, Royal-Liverpool. The pond held its annual golf tournament and horse shoe pitching contest Nov. 11, followed by a buffet

supper. Pictures of damage on the Mississippi gulf coast during the recent hurricane were shown by James F. Miazza, assistant general manager of the southwestern department of G.A.B. About 75 attended.

## New Coast Setup Told

SALT LAKE CITY—At the November meeting of the Utah-Idaho Blue Goose, J. H. Roberts, for years resident secretary of the Pacific Board, outlined the reorganization of the board and formation of Pacific Fire Rating Bureau, and the duties and responsibilities of these groups as now constituted, with Mr. Roberts as state manager.

## Rose to Pacific National

Edgar O. Rose has been appointed special agent in New Jersey for Pacific National Fire. He will be associated with Special Agent J. Clifford Morrison, with headquarters at the Newark office.

Mr. Rose spent a number of years with New Jersey Schedule Rating Office, and for seven years has been special agent and engineer in northern New Jersey for Northern of New York.

## M. R. Strong to Great Amer.

Marion R. Strong has disposed of his local agency interests at Hobart, Okla., and has joined Great American as special agent in the farm and hail department. For some time he has handled hail adjustments for Great American.

## Name Feyl in New York State

Charles H. Feyl has been appointed special agent for New York by Central Manufacturers' Mutual. Mr. Feyl has been manager in New York city for Cosmopolitan Mutual Fire, and before that for nine years was supervisor for Hardware Mutual of Minnesota.

## Two Field Shifts by Aetna

Richard L. McGinnis, who has been acting special agent in Connecticut for Aetna, has been transferred to eastern Massachusetts and Rhode Island, with headquarters in Boston.

Robert S. Kenyon, who has been in western Massachusetts, has moved his headquarters to Springfield at 95 State street.

## Attorney Wichita Speaker

C. H. Morris of Morris & Garrett, Wichita insurance attorneys, addressed the Sunflower Blue Goose puddle at Wichita on "Insurance and Public Relations."

## Rolfs to Maine for Phoenix

Phoenix of Hartford has appointed William H. Rolfs, Jr., special agent in Maine, associated with State Agent Boardman B. Havey. He will have headquarters at 120 Exchange street, Portland.

## Tour for N. J. Field Club

The New Jersey Field Club will go on an inspection tour of the United States Testing Co. in Hoboken, N. J., as the feature of its Nov. 24 meeting. Following the tour, there will be a dinner at the Meyers Hotel to honor past presidents of the club.

## To Hear Safety Commissioner

Alfred Kahl, state commissioner of public safety, will address the Iowa Blue Goose at its next meeting at Des Moines Nov. 24 on the new state safety responsibility law which became effective Oct. 1.

The Heart of America Blue Goose Auxiliary held a luncheon this week at Kansas City. Hostesses were Mrs. Thomas B. McCaffrey and Mrs. William B. Hershe.

## COMPANIES

### American Files with SEC Statement on New Shares

American has filed with SEC a registration statement covering proposed issuance of 662,504 additional shares of its stock. The shares are to be offered to stockholders through the issuance of rights on the basis of one new share for each two shares owned, at a price to be determined later. Subject to clearance by SEC, the offering is expected to be made early in December. It is expected that any shares of the new stock not subscribed for will be purchased from the company by a nation-wide group of underwriters headed by First Boston Corp.

### R. M. Hartman Advanced

Robert M. Hartman, with Commercial Standard for 11 years, has been elected assistant secretary of Commercial Standard Fire & Marine.

Now manager of the inland marine

## WANT ADS

### CLAIM ADJUSTER

Fine opportunity for experienced man or woman to supervise claim division of life and health-and-accident insurance company located in a medium-sized mid-western town, adjoining a large metropolitan city. Must have executive ability and be able to assume responsibility. Legal training helpful but not necessary if applicant has sufficient ability. In return will be assured an excellent salary commensurate with training and ability, and full cooperation under congenial working conditions. Write a full statement including photograph. Statement will be treated confidentially. Address O-2, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### WANTED

Experienced insurance bookkeeper and stenographer, man or woman, for permanent position, Riverside, California. Give qualifications and starting salary expected. Address N-88, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### INSURANCE ADJUSTER WANTED

Man between the ages of thirty and forty-five to head up fire and extended coverage, windstorm claims department and generally supervise and handle the adjustment of losses in Wisconsin. Address N-92, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

### WANTED

Experienced Special Agent for New Mexico and Arizona territory, by aggressive Agency writing Mutual Fire Company. Give references, employment record and salary expected. Address N-95, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### WANTED

Experienced casualty adjuster in midwest area. Also fire insurance adjuster capable of managing an established office. Excellent opportunity for advancement and remunerative benefits. State experience, age and references in both cases. Address O-4, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

Broker with high grade business desires to lease or sublease private office in Insurance Exchange or vicinity. Private phone answering service desired. Could place substantial volume fire and casualty with first class companies. Would also consider an arrangement with other broker or brokers, company office or small general agency. Address O-5, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### WANTED — ACCOUNTANT

Prominent nation-wide mutual fire insurance company has opening at its home office for a fire insurance accountant. There is an excellent opportunity for promotion to the position of credit manager. Address O-5, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.



department, he has been with Commercial Standard since 1936 except for 1942-45 when he served as a captain in the army.

### Vote for Capital Change

Stockholders of Northeastern have voted in favor of the proposal to reduce capital from \$1½ million to \$1 million, reducing the par value of the shares from \$5 to \$3.33-1/3.

### Reduce Par Value

Par value of the stock of American Motorists has been reduced from \$30 to \$5 and the number of shares was increased from 33,333-1/3 to 200,000.

Stanley R. Gumpert has been named vice-president and general manager of State Fire & Casualty of Miami. Mr. Gumpert has been manager of the company.

## CHICAGO

### FAETZ INSURANCE HEAD

Quaker Oats Co. has named L. M. Faetz as insurance manager taking the place of M. G. Erickson who died. Mr. Faetz has been assistant manager.

### GOVERNING COMMITTEE MEETS

The governing committee of Western Underwriters Assn. met in Chicago Tuesday. This was the first meeting since the annual meeting at Manchester, Vt. C. H. Smith, Hartford Fire, who had been reelected chairman, presided. The only members outside of the Chicago area attending were Fred W. Koeckert, U. S. manager of Commercial Union, and Ivan Escott, executive vice-president of Home, and E. W. Hotchkiss, western manager of Royal-Liverpool.

### DAHL'S OPERATIONS EXTENDED

T. G. Dahl, manager of the farm and hail department of Great American, who moved his office some weeks ago from the western department in the Continental companies building to 309 West Jackson boulevard, has been given the handling of all farm losses. He has had hail losses in his charge. Mr. Dahl has a commodious office which gives him plenty of room for his operations.

## NEW YORK

### SESSION ON BOILER LINES

At the meeting of Risk Research Institute at New York Nov. 25, papers will be given by John A. Hunt, chief engineer at New York of Hartford Steam Boiler; R. F. Cavanagh, boiler manager of Marsh & McLennan; R. F. Griffin of Mutual Boiler and R. T. Sprague, insurance manager of Electric Advisers, Inc.

### Suggests Compulsory Crime Cover

Compulsory insurance against property loss from theft was recommended at the New York State Conference on Social Work at Buffalo by Dr. Ralph S. Banay, psychiatrist and associate director of research on social deviations at the College of Physicians and Surgeons of Columbia University.

He cites compulsory automobile insurance as a precedent and suggests that crime insurance could be established either through individual companies or through a state system and should be compulsory for every individual. He said this would eliminate the vindictiveness that people feel when they suffer a loss through crime and thus lead to a progressive social attitude toward crime and criminals.

### Hosts to Insurance Press

Officers of the Assn. of Casualty & Surety Companies will be hosts at the annual Christmas luncheon in honor of the insurance press Dec. 4 at the Bankers Club in New York City.

### Donor Has No Claim for Stolen Engagement Ring

Under a decision of Texas court of civil appeals, a man was denied recovery for a \$1,500 engagement ring that he had insured and given to his sometime fiancée. The case was Ludeau vs. Phoenix of Hartford et al.

Dr. J. E. Ludeau became engaged to marry Miss Ann Steuber and presented the ring to her. A few days later it was stolen at Galveston. Dr. Ludeau refused to carry out the marriage agreement. He has never made a demand upon Miss Steuber for return of the ring or for its value, nor at any time did he tell her that he wanted the ring back. At the time the ring was stolen, Dr. Ludeau had gotten a marriage license.

Dr. Ludeau argued that since the ring had been presented as "an engagement gift" the title to it, or at least an insurable interest in it remained in him. He contended there was no ordinary gift of the ring by him, but at most a mere pledge or conditional presentment of it, conditioned upon their later consummating their engagement to be married. The court, however, stated that there is no analogy to the facts creating the relationship of pledgor-pledgee. Even a conditional gift when made be-

tween those living, confers a title to the object given at the time of its delivery into the possession of the donee.

### N.A.M.I.A. Sets Meetings

WASHINGTON—The annual meeting of the National Association of Mutual Insurance Agents has been set for the Shoreham Hotel here, Oct. 18-20, 1948. The midyear meeting will be at French Lick Hotel, French Lick, Ind., May 10-12.

Philip L. Baldwin, executive secretary, will leave Washington Dec. 5 to attend three meetings of state and regional groups of N.A.M.I.A.: Dec. 8-9, Coronado, Cal.; Dec. 12, Salt Lake City, and Dec. 16, Denver, for the organization meeting of a Rocky Mountain association.

### Mutual Forums in Ohio

Comprehensive personal liability policies and fire forms will be discussed at four meetings to be held Dec. 3 under auspices of the Ohio Assn. of Mutual Insurance Agents. At Akron, R. H. White, moderator; Columbus, H. L. Young, moderator; Dayton, R. R. Lawrence, moderator; and Toledo, where moderator has not been named.

### Brokers Watch for Auto Commission Action in N. Y.

NEW YORK — The Brokers Assn. Joint Council, which is a representation of all broker organizations in greater New York City, has written Superintendent Dineen of the New York department, asking him to notify it when the National Automobile Underwriters Assn. files revised rates in New York. The action was taken after the N.A.U.A. indicated that while it no longer assumed control over commissions, it would use 25% as a base commission for rate making purposes. When and if the N.A.U.A. makes a new rate filing on automobile physical damage coverages, the council will study the filing and then decide what action to take.

### Cole Joins Koehler Agency

William O. Cole, formerly assistant secretary of Emmco Fire, has joined the Koehler agency, South Bend, Ind., as secretary. The agency represents the Lumber Mutuals.

Arthur L. Foster, formerly with the McDowell agency at Ames, has purchased the M. F. Halden agency at Centerville, Ia. He recently completed a training course at Travelers home office.

## How A COMPANY HELPS ITS AGENTS — THROUGH AGE AND STABILITY



A company which has operated over a long period of time has a right to be proud of its age and resultant stability. Its agents can well be proud to represent a company with a long and distinguished record. Along with many other companies organized when this country was young, Ohio Farmers is about to celebrate its 100th anniversary. On the eighth of next February we will be 100 years old. These years have been pleasant years because our associations with agents and friends have been pleasant. We hope—and in fact we are, going to try to see—that the next 100 years are the same way.

99th Year  Ohio Farmers Companies  
OHIO FARMERS INSURANCE COMPANY  
CHARTERED 1848  
OHIO FARMERS INDEMNITY CO.  
L. Roy, Ohio



THE INSURANCE AGENT IS A GOOD MAN TO KNOW

## EDITORIAL COMMENT

### Keeping Votes Off the Highway

A good example of buck-passing is the way in which state law enforcement authorities have shrugged off the problem of automobile drivers who shouldn't be on the highways. Now the problem is found outside the insurance companies' door.

Whenever an insured can't get automobile coverage that perhaps he is required to carry—even though he may be a taxi operator who doesn't want to pay the assigned risk surcharges, or is a risk so hazardous that the fire companies won't write the physical damage protection for him, or is an habitual drunkard who takes his automobile out on the highway and repeatedly has accidents—there is a direct or inferred criticism of insurance companies for not fulfilling a public demand for their product. Their real problem, and we think it is going to be a more serious one as the number

of cars steadily increases, is getting those state officials responsible for licensing drivers to enforce a reasonable standard that will keep those obviously unfit to drive out of an automobile.

It is a hard thing for a state official to keep a vote off the highways, but the founding should not be left on the doorstep of the insurers. They are not entitled to the discredit. The time will come, if it is not already here, when they will have to turn down business on the same basis that the state law enforcement officers should have turned down drivers' licenses, yet isn't their problem or their shame.

In the last year or two, though some companies had to curtail auto writings or cut them out, the insurance industry as a whole assumed pretty much all of its obligations and discharged them with a fine showing of public responsibility.

### Turning Square Corners

The decision of the U. S. Supreme Court in the Federal Crop Insurance Corp. case, by contrast, emphasizes the high degree of accountability to its customers of private insurance.

Substituting a private insurance company for FCIC, the Supreme Court decision would have meant that, despite the fact that the agent had assured the buyer that he was covered and that there was nothing in the contract to indicate that he was not covered, the insurance company was not liable because it had caused to be published in THE NATIONAL UNDERWRITER a ruling that it would not assume liability under such circumstances.

Here an Idaho farmer in March, 1945, applied for FCIC insurance on 400 acres of spring wheat that had been reseeded on winter wheat acreage. He was advised by the FCIC agent that the crop was insurable. The application was accepted May 28. On Feb. 5, 1945, FCIC promulgation of winter wheat regulations, which precluded insurance for reseeded wheat, was published in the Federal Register. The crop was largely destroyed by drought in July and FCIC denied liability.

Justice Frankfurter in the majority opinion, states:

"Whatever the form in which the government functions, anyone entering into an arrangement with the government takes the risk of having accurately ascertained that he who purports to act for the government stays within the bounds of his authority. The scope of this authority may be ex-

PLICITLY defined by Congress or be limited by delegated legislation, properly exercised through the rule-making power. And this is so even though, as here, the agent himself may have been unaware of the limitations upon his authority."

Later on he says:

"Just as everyone is charged with knowledge of the United States statutes at large, Congress has provided that the appearance of rules and regulations in the Federal Register gives legal notice of their contents."

At another point he declares:

"The case no doubt presents phases of hardship. We take for granted that, on the basis of what they were told by the corporation's local agent, the respondents reasonably believed that their entire crop was covered by petitioner's insurance. And so we assume that recovery could be had against a private insurance company. But the corporation is not a private insurance company. It is too late in the day to urge that the government is just another private litigant, for purposes of charging it with liability, whenever it takes over a business theretofore conducted by private enterprise or engages in competition with private ventures. Government is not partly public or partly private, depending upon the governmental pedigree of the type of a particular activity or the manner in which the government conducts it. The government may carry on its operations through conventional executive agencies or through corporate forms especially created for defined

ends."

Mr. Justice Jackson, in dissenting, said:

"It was early discovered that fair dealing in the insurance business required that the entire contract between the policyholder and the insurance company be embodied in the writings which passed between the parties, namely, the written application, if any, and the policy issued. It may be well enough to make some types of contracts with the government subject to long and involved regulations published in the Federal Register. To my mind, it is an absurdity to hold that every farmer who insures his crops knows what the Federal Register contains or even knows that there is such a publication. If he were to peruse this voluminous and dull publication as it is issued from time to time in order to make sure whether anything has been promulgated that affects his rights, he would never need crop insurance, for he would never get time to plant any crops. Nor am I convinced that a reading of technically-worded regulations would enlighten him much in any event.

"In this case, the government entered a field which required the issuance of large numbers of insurance policies to people engaged in agriculture. It could

not expect them to be lawyers, except in rare instances, and one should not be expected to have to employ a lawyer to see whether his own government is issuing him a policy which in case of loss would turn out to be no policy at all. There was no fraud or concealment and those who represented the government in taking on the risk apparently no more suspected the existence of a hidden regulation that would render the contract void than did the policyholder. It is very well to say that those who deal with the government should turn square corners. But there is no reason why the square corners should constitute a one-way street.

"The government asks us to lift its policies out of the control of the states and to find or fashion a federal rule to govern them. I should respond to that request by laying down a federal rule that would hold these agencies to the same fundamental principles of fair dealing that have been found essential in progressive states to prevent insurance from being an investment in disappointment."

The praises implicit in this decision for the American agency system, for state supervision and for the private enterprise principle in insurance don't need to be spelled out.

## PERSONAL SIDE OF THE BUSINESS

A. D. Dowrie, Jr., secretary, and Henry T. Kramer, associate underwriter of American Mutual Reinsurance, returned recently from Maine where they surveyed much of the forest fire damage.

Hobart C. Brady, who is active in the Wichita Assn. of Insurance Agents, was elected president of the National Assn. of Real Estate Boards at its annual meeting at San Francisco. He began his career with Wheeler, Kelly, Hagney of Wichita.

John W. Coffin, a broker with the Moore, Case, Lyman & Hubbard agency, Chicago, is confined to Evanston hospital, having suffered a hemorrhage. He is a brother of Frank Coffin, a member of the firm of Moore, Case. Their father, Fred Coffin, was formerly a leading member of the same firm.

L. J. Braddock, Santa Barbara, Cal., who retired some years ago as associate western manager of North America, has had published for private circulation 50 copies of a volume entitled "Random Verse." Mr. Braddock is a versifier and for some years has been jotting down thoughts that came to him. He has written some 300. Some of his friends insisted that he put these in book form and he finally selected 200 for this special volume. The late W. B. Flickinger, who was senior associate manager of North America, evidently was Mr. Braddock's inspiration on a number of occasions because on six pages are found verses inspired by him. There is one poem in the book that was published in THE NATIONAL UNDERWRITER that is found and also one that he wrote for the "In-Pauw university and joined Western Ad-

Insurance Field." The volume has been placed in the insurance library in the Insurance Exchange building, Chicago, in case any of Mr. Braddock's friends desire to look over the book.

F. B. Luce, retired president of Providence Washington, will spend the greater part of December in Chicago and Evanston, Ill. His daughter, Mrs. Jane Luce Hobart, resides in Evanston and his headquarters will be there. He will arrive Dec. 9. He is planning to be present at the annual banquet of the Round Table at the Union League Club.

Col. Thomas C. Bourke, who is a Kansas City local agent, has been elected president of Kansas City Reserve Officers Assn.

John D. Martin, who is over 90, and who is the oldest class 1 local agent at Chicago in point of years of service, presided at the meeting of the Three-Quarter Century Club, which opened its 25th season at St. Petersburg, Fla. He is the president.

Ralph S. Danforth, vice-president of Millers National, and Mrs. Danforth went to Arlington, Va., where their son, Capt. James Danforth, was buried last Friday. Capt. Danforth's body arrived on the first shipment of those who were killed abroad and whose bodies were brought home. He was in Gen. Patton's army, was wounded in the first big attack on Germany and later was killed. He was buried in the first cemetery that was laid out for American soldiers in that section. He was a graduate of De

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justment in Chicago, entering the war while so engaged.

Members of the automobile department of North British attended a get-together in honor of A. E. Lehman, secretary, on his 20th anniversary with the companies. He was presented with a desk lamp.

## John C. Piver, Coast Publisher, Dead at 74

John C. Piver, founder of "Underwriters' Report" of San Francisco, died Nov. 16 after a long illness at the age of 74.



J. C. Piver

Mr. Piver was one of the most colorful figures in San Francisco insurance. He entered the business in 1901 as a life insurance solicitor, later becoming inspector for Conservative Life of Los Angeles. In 1905 he established "Life Insurance Report," a San Francisco monthly. The name was changed to "Underwriters Report" in 1907 and subsequently was published as a general insurance weekly.

Mr. Piver was active in coast yachting and shipping, and served six terms as commodore of the San Francisco Yacht Club. He was a member of the San Francisco Blue Goose, an honorary member of the Fire Underwriters Assn. of the Pacific, and vice-president of American Power Boat Assn.

A son, Arthur L., who has been with the firm for 13 years, except for war service, will succeed as head of the publishing company.

Another son, Jack, is editor of "Pacific Insurance," and for 15 years was asso-

cited with his father on "Underwriters Report."

Mrs. Clara Mensinger Fries, local agent at Belleville, Ill., for 25 years, died there after a long illness.

Douglas L. Hill, 48, Denver general agent, died there following a seven months illness. He was born at Burnham, Ill., and moved to Denver in 1922, establishing his agency in 1933.

Charles H. Tills, 60, with the Lindstedt-Hoffman Co. agency of Manitowoc, Wis., since 1920 and a director of the company, died suddenly of a heart attack.

Mrs. Carrie T. Randall, 75, president of E. Broox Randall & Sons, Los Angeles agents; president of the Randall Motor Club, and owner of Randall Discount Co., died there after three months illness. She was the widow of E. Broox Randall, whom she helped to establish the various concerns bearing his name. When Mr. Randall died in 1942, she took over the reins of all three concerns, but left the management principally to her sons, Horace B. and Don T. Randall.

Walter J. Laidlaw of Minneapolis, 53, president of Minnesota Farmers Mutual, was stricken with a heart attack and died while driving a new car he had just received. He had been with the company 25 years, the last 10 years as president.

Charles L. Hibbard, 76, vice-president of Berkshire Mutual Fire and presiding justice of the central Berkshire district court for 34 years, died at Pittsfield, Mass. He was born in Iowa and graduated from Williams College in 1892, receiving his law degree from Harvard law school.

Corwin S. Shank, 81, retired chairman of Northwestern Mutual Fire, died at La Jolla, Cal. With Frank J. Martin he founded Northwestern Mutual in 1901 and became its general counsel, in which post he served for a number of years. Born in Wooster, O., Mr. Shank settled

in Oregon in 1882 and graduated from McMinnville College. He obtained his law training at Yale and for many years was senior member of the Seattle law firm of Shank, Rode, Cook & Watkins. Mr. Shank was a leading prison reformer and Baptist layman and was designated by the secretary of state as ambassador of good will to Japan after the 1923 earthquake.

Joseph L. Price, retired secretary of Equitable Fire & Marine, died at Jane Brown hospital, Providence, after a long illness.

Mr. Price was with Phoenix of Hartford for 35 years before becoming secretary of Equitable F. & M. in 1935. He was a member of the New England Fire Insurance Exchange.

## Herbert W. Krogman Opens Class 1 Agency in Chicago

The Herbert W. Krogman agency has been opened in 1927 Insurance Exchange, Chicago, as a supervising agency member of the Chicago Board. The telephone number is Webster 7400.



H. W. Krogman

Mr. Krogman already has secured representation of these outstanding fire and casualty companies: American Equitable, Anchor of R. I., Citizens, London & Lancashire, Standard of New Jersey, Sun, Fireman's Fund Indemnity, Western National and also of London Lloyds.

After taking the fire protection engineering course at Armour Institute of Technology, Mr. Krogman became an inspector for the Chicago Board. Later

he was Cook county special agent for Fireman's Fund and since 1922 has been a class 1 agent in Chicago.

Lawrence C. Larson, a fire underwriter and production man of long experience in Chicago, has been appointed office manager and underwriter. For many years he was Chicago manager for Eagle Star.

## STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 S. La Salle St., Chicago  
Nov. 17, 1947

	Div.	Bid	Asked
Aetna Casualty .....	3.00	77	80
Aetna Fire .....	1.80	42 1/2	44
Aetna Life .....	1.60	40	42
American Alliance .....	1.00	19	20
American Auto .....	.80	34	35 1/2
American Casualty .....	.60	8 1/2	9 1/2
American (N. J.) .....	.70	16 1/2	17 1/2
American Surety .....	2.50	56 1/2	58
Baltimore American .....	.30	4	5 1/2
Boston .....	2.20	64	66
Camden Fire .....	1.00	18	20
Continental Cas. ....	2.00	47 1/2	49
Fire Association .....	2.50	47	50
Firemen's (N. J.) .....	.60	11 1/2	12 1/2
Franklin Fire .....	1.00	19	20
Glens Falls .....	1.60	39 1/2	41
Globe & Republic .....	.50	7 1/2	8 1/2
Great Amer. Fire .....	1.20	27	28 1/2
Hanover Fire .....	1.20	24 1/2	26
Hartford Fire .....	2.50	103 1/2	105 1/2
Home (N. Y.) .....	1.20	23	24 1/2
Ins. of N. A. ....	3.00	92	94
Maryland Casualty .....	.60	13	14
Mass. Bonding .....	1.60	27 1/2	29 1/2
National Casualty .....	1.25	27	28 1/2
National Fire .....	2.00	43 1/2	45
National Ldb. ....	.30	5	5 1/2
New Amsterdam Cas. ....	1.00	27 1/2	29
New Hampshire .....	1.00	44 1/2	46
North River .....	1.00	23 1/2	25 1/2
Ohio Casualty .....	.80	36	38
Phoenix, Conn. ....	2.00	80	82
Prov. Wash. ....	1.40	30	32
St. Paul F. & M. ....	2.00	69	71
Security, Conn. ....	1.40	25	26 1/2
Springfield F. & M. ....	1.90	41	43
Standard Accident .....	1.45	29 1/2	31
Travelers .....	18.00	556	566
U. S. F. & G. ....	2.00	44	45 1/2
U. S. Fire .....	2.00	48 1/2	50

\*Includes extras.  
†Ex. rights.  
‡New Far value stock.



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# Ind. Agents Hit Commission Cuts

## Want No Action Pending Study of Agency Costs

**N. C. Phend Elected President; 1,200 Attendance Sets New Record**

By **GEORGE E. WOHLGEMUTH**

INDIANAPOLIS—After hearing a report in which Walter Sheldon, W. A. Alexander and Co., Chicago, chairman of the N.A.I.A. metropolitan agents committee, and Herman C. Wolff, Indianapolis, national state director, vigorously expressed their opposition to any change in agents commissions at present, the Indiana Assn. of Insurance Agents adopted a resolution expressing its unalterable opposition to commission reductions until N.A.I.A. has completed its study of agency management costs.

Mr. Sheldon said the National Association's new actuary, Stuart Brown, was making a study of what it costs an agency to do business.

Neither agents nor companies have

### NEW OFFICERS ELECTED

President—Harold C. Phend, Monticello.

First vice-president—A. G. Allen, Muncie.

Second vice-president—G. J. May, Spencer.

Secretary-treasurer—G. W. Mohoney, Indianapolis.

Executive secretary—H. E. McClain, Shelbyville.

State national director—H. C. Wolff, Indianapolis.

Chairman of the board—Linn S. Kidd, Brazil, immediate past president.

had any standard procedure for determining the agency expense factor and as a result, there is no uniformity in the definition of the items entering into them, according to Mr. Sheldon. This expense must be broken down in generally accepted terminology by lines of business. He defied the companies to say an emergency exists in any particular state and that agency expenses have to be cut. If the companies get down and streamline their cost accounting

(CONTINUED ON PAGE 22)

## Atty. Gen. Clark Tells Purposes of Moratorium

INDIANAPOLIS—Attorney General Clark addressing the luncheon meeting Wednesday of Indiana Assn. of Insurance Agents, compared the insurance industry to the Department of Justice, the one providing protection against fire and casualty losses and his department providing security in law and order.

The industry "has properly been made the object of special attention by the people and by the government," he said. "Only those who are impressed with the spirit of public responsibility have a rightful place in the business of insurance."

"In a sense, those engaged in the business of insurance are the very keystone of the American economy," and are in position to play a great part in the tasks before the nation.

Lauding the free enterprise system, Clark spoke of the part insurance plays in it, and warned against inflationary and other tendencies.

### Predatory Monopoly Groups

The anti-trust laws are not intended to regulate business but "to prevent regulation or control by predatory monopoly groups," he said. Insurance's place in the free enterprise system was "clarified" by the Southeastern Underwriters Assn. decision, according to the attorney general.

The moratorium under public law 15 has two basic purposes, he added in the course of his address.

"First, the moratorium gives the various branches and groups in industry an opportunity to rearrange practices wherever necessary to conform to competitive principles.

"Second, certain practices, such as combined rate-making are regarded by some as necessary to the efficient operation of the business.

"Where the states agree with this concept they are able to assume the responsibility for such practices by regulating them and establishing appropriate public safeguards against any abuse.

"I think, however, it is reasonable to assume that Congress didn't intend the law to be a device for establishing islands of immunity from the antitrust laws for the furtherance of private group interests. Nor do I believe that you would favor such a result.

"Most states, among them your state of Indiana, have adopted regulatory laws for the purpose of complying with public law 15.

"This process represents the spirit of America in an age of enterprise—especially the atomic age. When industry and the executive branch of the government cannot agree the courts make the final decision."

## Notes from the Big Hoosier Rally

A large delegation at Indiana Ins. Co. headquarters was headed by **William P. Cooling**, vice-president. Also on hand were G. E. Newhouse, John T. Hume, J. J. Lamb, Charles W. Barger and John P. Kiser.

**Continental Casualty** was represented by Roy Tuchbreiter, president; George A. Smith, vice-president, and Jack Henry, counsel. R. E. Vollreide, vice-president of Transportation, and Ralph Jones and Stuart Weyforth, Indianapolis manager, also attended.

At **Fidelity & Deposit** headquarters was Ben R. Turner, Jr., manager; O. W. Schooley, assistant manager; and Everett T. Meredith, special agent. F. & D. placed a diary in each agent's registration envelope again this year, and was also delivering copies of the Indianapolis "Star" to each agent's room at the Claypool. William H. Hansmann, manager, and William A. Bowersox, assistant manager at Chicago, also were in the headquarters' limelight.

John Hancock had its usual headquarters opposite the convention hall, but in the absence of **General Agent Dan Flickenger**, who is in the hospital, Ray Woods and Glen Fately carried on.

**Dearborn National** was represented by C. W. McDonnell, Roy W. Clark, and Paul Crimans.

**Agent's Finance** had an active head-

quarters with Joseph W. Ferree and J. Robert Donahue in charge.

For **Northern Assurance**, A. H. Wisard, secretary, returned to Indianapolis for the occasion. He was accompanied by **Larry Taylor**, special agent for Indiana. Mr. Taylor is entering the local agency business with E. W. Hoover at Indianapolis.

On hand for **Emmco** were **Thomas F. Shortall**, vice-president, Walter Cook, agency superintendent, Frank Prange, bond department manager, and Millard Jones, state agent.

**Herbert Payne**, vice-president, and **Arthur Etzel**, assistant secretary, attended from New York for **Home**. Representing **America Fore** were Charles Lingenfelder, assistant secretary, Harry J. Petrie, Indiana examiner, and E. P. Larson, state agent.

**George L. Ramey**, vice-president; **William Ramey**, secretary, and **K. E. Kinnear**, agency superintendent, held forth for **Pioneer Equitable**.

**Arthur T. Moyer**, assistant secretary of North America, was on hand for that company.

Gulf and Atlantic were ably represented by **Harold F. Sweeney**, Indiana manager.

**Jack Besterman**, Chicago, and **Thomas Fletcher**, state agent, were hosts for **Employers Fire**.

## Indiana Assn. on "Firm Ground," Kidd Reports

**Membership at 1,209; Good Legislative Year Reviewed**

INDIANAPOLIS—An all-time high of 1,209 member agencies and 58 local



Linn S. Kidd

boards was reported by Linn S. Kidd, Brazil, president of the Indiana Assn. of Insurance Agents, in his presidential address.

The increases over 1946 are 106 and 10, respectively. The association has concluded a record-breaking amount of activity over the past 12 months, he stated. While all results that had been hoped were not attained, the association closed the period on firmer ground than at any previous time.

Both the Indiana fire and casualty rating bills passed without a dissenting vote, he said, and more than 150 bills affecting insurance were introduced in the legislature. The casualty rating bill provided greater latitude for competition than the all-industry bill.

It was disappointing, he said, to have the agents licensing bill defeated and efforts to obtain such legislation must be renewed. Mr. Kidd expressed his appreciation for the cooperation of Commissioner Pearson of Indiana and of the Indiana fieldmen, particularly in connection with the N.A.I.A. educational courses. He paid tribute to the effective job done by Harry E. McClain, executive secretary and his staff.

R. G. Hastings, Washington, was appointed chairman of the resolutions committee; and J. H. Rue, New Albany, chairman of the nominating committee.

At **National Surety** was Eugene Luther vice-president; W. Emerson Smith, Indianapolis manager; Jack Hildreth, St. Louis, and Frank S. Sargeant and Joseph Herd, Indianapolis.

At **American States** were John P. Phelan, James H. Gibson, R. A. Harkinson, F. J. Wise, George Guffin, Des Moines, Duane G. Lake, Ross G. Kitcher, L. R. Reasner, and George H. Poske.

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# URGES DIVERSIFICATION

## Tuchbreiter Sees Auto Commissions at 12½% in 10 Years

INDIANAPOLIS — Predicting that within 10 years automobile B. I. commissions would be reduced to 12½%, Roy Tuchbreiter, president Continental companies, Chicago, urged general insurance agents to diversify their business and replace this hole in commission income with life and accident and health sales. Addressing the Indiana Assn. of Insurance Agents annual meeting, he said it is not necessary to sell automobile B. I. business any more, as it is bought. Politicians pick up anything with a social cast, such as it has. Twenty-five percent commission to general agents is too much money, he said. In Massachusetts, the top commission on this business is 12½%, the producer receiving 7½%. He urged agents to become insurance specialists and operate a "department store" of insurance.

### Companies Can Blame Selves

Casualty companies have no one to blame but themselves for their present predicament, Mr. Tuchbreiter said. The safe driver reward was basically unsound. He calls this the "lucky driver" reward. The cut in automobile rates during rationing gave companies the opportunity "to kick the crutch out" from under some of the smaller companies.

A good deal of grumbling is being heard among some company executives about the American agency system. Mr. Tuchbreiter said these men had better "make love" to the men producing the business. It is the small town agent who makes the wheels go around in the business. These executives have not done a good job in public relations and their great weakness is that they don't get out and learn how the agent lives, he said.

Life and accident and health lines are where the money is today, said Mr. Tuchbreiter. Most people fail in life insurance because of a lack of contacts. The life agent would have people believe that his is a specialty business, but this is a lot of bunk. He does not have any scruples about picking up a fire or burglary policy whenever he can. Life insurance is exactly like fire insurance because when either loss occurs, there is an economic loss.

The agent's client has confidence in him and he should consider himself a merchandiser of insurance. He does not hesitate to "holler for help" when he needs assistance on fire and bond risks and he can do the same for life insurance.

There are more people than there are buildings or automobiles. There isn't anyone an agent can not talk life insurance to, Mr. Tuchbreiter said.

Foster & Messick, managers for U.S. F.&G., had a large staff, headed by W. E. Pullen, vice-president and agency director; Frank Fisher, superintendent of accident prevention; Glen Butterworth, western manager; Earl Shaw, secretary of F. & G. Fire; and John Messick, Indiana manager.

A foreword in the program by Harry E. McClain attracted comment. It read, in part, "The Indiana Assn. of Insurance Agents is an organization of Hoosier citizens who believe in the business of insurance and its future; who desire to perpetuate and advance its cherished institutions; and who are strong in the conviction that the local agent is the instrumentality through which and by which the great business of insurance reaches its highest degree of service and widest distribution of helpfulness. . . . The members . . . believe and are committed to the principle that the rights of the public are paramount. . . ."

## 100% Representation at Board Dinner

The dinner meeting for local board presidents and secretaries drew representatives from all of the 58 local boards in the state. Educational, fire prevention, public relations and other activities for local boards were discussed briefly by President Kidd, M. G. Herndon, assistant Washington representative, and R. E. Farrer, educational director of N.A.I.A.; Urban Krier, executive secretary of the Wisconsin association; A. H. Kenna, executive director of the Kansas association; W. G. Dithmer, Indianapolis; West Shell, chairman of the N.A.I.A. fire prevention committee, Cincinnati, and Simpson Stoner, Greencastle, Ind., a member of the committee; H. R. Danford, educational director National Conservation Bureau, New York, and Prof. J. Edward Hedges of Indiana University.

H. E. McClain, executive secretary, who presided, stressed the fundamental importance of strong local board organization as the foundation for effective state and national association work. In the past year, he said, nine new local boards have been organized in the state and 23 were organized in the past two years.

President Kidd said that successful local boards were successful for four reasons: their members were determined that the board would succeed; meetings are held regularly; there is at least one definite objective, and programs were made interesting to attract members.

## Tom Clark Speaks at Closing Session

Tom Clark, U. S. attorney general, was luncheon speaker at the closing session.

Lafayette won the W. C. Wyers local board trophy and New Albany was awarded the H. C. Wolff publicity trophy. Judges were Urban Krier, executive secretary Wisconsin association; A. H. Kenna, executive director Kansas association, and M. G. Herndon, N.A.I.A. assistant Washington representative.

A clever skit, "The Case of Public Relations vs. Agency Relations" was presented by R. E. Farrer, N.A.I.A. education director, during the Wednesday morning session. The actors were Mr. Farrer, H. E. McClain, executive secretary of the Indiana association; Charles Farmer, Oakland City; Wilbur and Peggy Negly, Indianapolis, Robert Estlick, Columbia City, and Paul Stine, Boonville.

Muncie was the first city in Indiana to sponsor the N.A.I.A. course, Mr. Farrer said, pointing out that the future of the business depends on everything its representatives do or say.

W. G. Dithmer, W. P. Ray & Co., Indianapolis, chairman of the field men's cooperating club, urged support of the public relations program.

Past presidents honored at the local board officers dinner were: J. W. Kirkpatrick, Muncie; J. D. Miltenberger, Muncie; J. W. Stickney, Indianapolis; W. H. Bruner, South Bend; F. H. Janasch, Gary; G. B. Woodward, Bloomington; R. G. Hastings, Washington; Chris Zoercher, Tell City; W. C. Myers, Evansville; S. M. Stoner, Greencastle; F. C. Richardt, Evansville. Mr. Richardt was prevented from appearing on the farm underwriting program by an accident which fractured three of his ribs.

The attractive program for the 48th annual meeting was printed through the courtesy of Foster & Messick, state managers for U. S. F. & G. at Indianapolis.

The two Hartfords were represented by Charles Dubach, agency superintendent, and John Bowers, Chicago. From the Indiana field were G. M. Schumacher, W. J. Eckardt, G. S. Cruikshank, Court Bray, C. E. Shumaker, David Cass and Ray Graves. E. J. Stout, Hartford, Conn., was also present. Representing the Hartford Live Stock was Dr. Melvin H. Timmons, Chicago.

American-Associated was represented by O. L. Schleyer, president and Charles Cotsworth, St. Louis; William Koch, Indianapolis manager, Thomas Filtz, Jr.; Ralph Brafford and Al Kinkel.

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## Indiana Agents Take Firm Stand on Commissions

(CONTINUED FROM PAGE 20)

procedure, they will know what they are talking about.

After the metropolitan agents committee report had been sent to the various company bureaus, the casualty companies expressed their complete agreement with the agents' position. The fire companies merely acknowledged receipt of the committee's action. They have set Jan. 1 as their objective for reducing commissions. The companies are basing their commission attack through the excepted cities and the action will spread. The companies created the excepted city situation themselves in their greed for business through their willingness to pay a higher scale, according to Mr. Sheldon.

The manufacturing cost of the insurance product should not be charged to sales expense. An accurate analysis should be made of what part of the agents' commission should be charged to sales expense and what part should be charged to manufacturing expense. Companies maintaining branch offices pay the same commission scale in those cities whether the policy is written in the branch office or by the agent.

### Say Commissions Are Not Excessive

Analysis will show that agents' commissions are not excessive when compared with other products.

"What is the sales expense in a bottle of milk?" Mr. Sheldon asked. In Chicago, truck drivers receive from \$6,000 to \$10,000 a year salary yet have no part in the actual sales of the milk, he asserted. He said he is hopeful the companies will agree to the agents' program. The commissioners do not want to become involved in the breakdown of the premium dollar that goes to expense, but agents may have to go to them to do so.

Mr. Wolff said he could see no reason why the fire companies should pay their Louisville agents, for example, 35% commission and Indianapolis agents 15-20-25%, when Indianapolis is probably a larger city. Under the proposed scale, Louisville agents would still receive 20-25-30%, more than Indianapolis agents.

A distinction should be made between policy-writing and non-policy writing agents, he declared. Countersignature commissions should be subject to private contract between the producing agent and the countersigning agent. The fire companies should not do anything until the study of agency costs is completed, he said.

There are too many "gypsies" in the insurance field today in Indiana and something will have to be done about it, H. E. McClain, executive secretary, declared in discussing the convention theme "attend to learn, go forth to serve." By gypsies he meant agents of the curbstoney variety who go into the

business only for what they can eke out of it through business given them purely for personal reasons. If something is not done about these untrained, irresponsible men, the public will do something about it. Over 80% of the stock fire premiums in Indiana are written by members of the association, he asserted.

Calling local agents typical small business men, Maurice G. Herndon, assistant Washington representative of N.A.I.A., said there was never a greater need for such men to take an active interest in our democracy. Although skies are clear, the barometer is falling and wise agents are battering down hatches, watching collections, checking on their own insurance policies and preparing for a storm, he said.

### Fail to Profit by Experience

Americans never seem to profit by their experiences, he said; they get through a crisis by the skin of their teeth and fall back into their former ways. This is again unfortunately true of small business men.

Describing local board activities which have worked successfully in building good public relations, Mr. Herndon urged renewed activity at local board level of accident and fire prevention and public education activities.

Vividly portraying the annual slaughter of 40,000 persons through automobile accidents, H. R. Danford, educational director National Conservation Bureau, outlined the factors for a successful accident prevention campaign. These include periodic inspection of motor vehicles, an intelligent license law for drivers, more enforcement of existing laws, intelligent financial responsibility laws, standard signs and signals, and driver education in the schools.

It is fast becoming true that people say, "Joe died a natural death. He was killed in an automobile accident," Mr. Danford said.

The National Conservation Bureau is eager to assist agents set up educational programs in the schools of each state and desires no credit for its work, he said. The program consists of education, engineering and enforcement.

Commissioner Pearson of Indiana and Charles Berman, in charge of the casualty rating division of the Indiana department, spoke briefly. Mr. Pearson said his department had a tremendous problem in administering the casualty rating bill, which provides for deviation filings on a single risk. The business is better off under state regulation, he declared, and the business in Indiana should strive to make the state law work.

In answer to a question, Mr. Pearson said the department had approved the

retrospective rating and premium discount plans for workmen's compensation risks. The requirement that business carrying a premium of \$1,000 or over must be written under one of these plans is strictly a company rule, he believes. The department has no right to enter into the matter of commissions, he said.

Roy Tuchbreiter, president of the Continental companies, Chicago, spoke on "diversification of sales to meet present and future trends."

Rev. R. P. Grogan, St. John's Catholic Church, Indianapolis, gave the invocation.

### Registration Is 1,200

The annual banquet was followed by dancing and was strictly social in nature. Ross Christena, Indianapolis, directed the entertainment. The registration of nearly 1,200, the largest in the association's history, taxed hotel facilities and some were unable to get banquet tickets.

The report of Treasurer G. W. Mahoney, Indianapolis, showed the association to be in excellent financial condition, with a comfortable reserve fund and excess of income over disbursements.

Committee chairmen who took bows for their splendid work were: W. G. Thomas, Lafayette, accident prevention; B. O. Aspy, Indianapolis, agency qualification; P. E. Koplein, Indianapolis, casualty; R. L. Strayer, Warsaw, farm underwriters; Don Stoutemour, Goshen finance; Kenneth MacLennan, Gary, fire; L. J. Pierce, Muncie, fire prevention; Chris Zoercher, Tell City, grievance; A. G. Allen, Muncie, insurance education; C. D. Kessler, Peru, local board; J. M. Duffy, Shelbyville, marine; Dan Gibson, Plymouth, membership; H. C. Phend, Monticello, public relations; and Paul Meifeld, Frankfort, publicity.

The news got around that Linn Kidd, president of the association, is being talked of as Republican nominee for governor of Indiana in the election to be held next fall. Harry E. McClain, a Democrat, at the dinner of board officers, formally put Kidd in nomination for candidate for governor. Then Ralph G. Hastings, Washington, Ind., a past president of the association, said the Republicans at his table were nominating Mr. McClain as candidate for governor on the Democratic ticket.

### Open With Farm Session

The first business session of the convention was devoted to a discussion of farm underwriting problems with R. L. Strayer, Warsaw, chairman of farm underwriters activities, presiding. A capacity audience heard various aspects of farm problems discussed by J. P. Fellows, superintendent farm department Fireman's Fund, Chicago; Edward Purcell, manager liability department Ohio Casualty, Hamilton, O.; B. R. Walinder, secretary America Fore group, Chicago, and A. H. Kenna, executive director Kansas association, Topeka. Dick Mills of the legal department of Fletcher Trust Co., Indianapolis, gave a humorous talk.

A discussion of the hazards arising from the use of dryers, used principally in corn cribs to date, which came about as a result of Mr. Walinder's talk brought forth many questions. While there is no specific exclusion in the farm policy form regarding them, Mr. Walinder said their use was resulting in a highly unfavorable loss ratio and the companies would have to obtain relief. Such relief has been granted in other

states, but not in Indiana. One company which quadrupled its rates still had a 1,100% loss ratio.

The dryers are coming into considerable use by farmers to remove the moisture from their corn and they are made by a number of manufacturers. At least one manufacturer is endeavoring to promote their use among cotton growers. He said the companies may have to stand on the clause in the standard farm form which excludes liability for the use of any device tending to increase the fire hazard.

### Fellows Covers Losses

Mr. Fellows in his address gave a number of valuable pointers on farm losses. He emphasized that losses must be handled in such a manner as to hold old customers because renewals are more profitable to an agency than a constant striving to add new accounts to replace the customers that have fallen by the wayside.

The life history of a loss begins, he said, with the impression the agent and customer make on each other at their first meeting. Knowledge of the contract and how it will be interpreted is essential; an agent should have the courage to point out exclusions without fear of losing the order.

There is a great value in using adjusters on farm losses, Mr. Fellows said. An adjuster can take an impartial attitude with the assured, agent and company, and has the great advantage of not being personally acquainted with the principals. On farm losses especially, where an agent knows his assured personally, requests for liberal settlements made in a straight-faced way, place the agent in an embarrassing hole. On the one hand he wants to keep his client's friendship and on the other, he does not want to be a "sucker" before his company and the community.

When an adjuster is available, the agent cannot lose by calling him in, Mr. Fellows observed.

The only "don't" Mr. Fellows mentioned is that when an agent knows there is no liability, he should never tell the customer he will take it up with the company. In most cases this results in false expectation of payment and hard feelings.

### Agents in Favorable Position

Eugene F. Gallagher, manager of special services of Planet, in his address at the Indiana agents' meeting, remarked that agents today occupy a more favorable position in the eyes of the public than ever before. This has been brought about by association activity which conveys to the public the idea that the agent is engaged in a profession. With this increased stature comes increased responsibility and any acts or omissions, or lack of understanding on the part of agents invites severe criticism.

He urged agents to make complete analyses of their assured's setup and liabilities, and to bring to their attention every type of insurance that is needed to provide complete protection.

He told of a hardware store that

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was destroyed by fire. The proprietor, during the course of the fire, asked his agent: "Am I really protected?" He did have sufficient physical damage insurance and he had adequate U. & O., but the fire started in the bookkeeping room and all his evidences of debt were destroyed. He did not have accounts receivable insurance. The fire was caused by an unsafe gas hotplate which the bookkeeper had been provided with to make coffee on. The insurer of the building threatened to sue the merchant. Luckily this action was not pressed, for the merchant had property damage liability insurance only in nominal limits.

Mr. Gallagher emphasized particularly the value of additional living expense insurance these days. He remarked on the \$193,000 extra expense loss of Central National bank of Chi-

cago which had \$100,000 applicable coverage.

Work simplification for an agency was discussed by Richard J. Layton, vice-president and systems division manager of Rough Notes Co.

A Rough Notes survey shows that office payroll is the largest single expense item in an agency, he said, and the average cost per policy for all agencies is \$2.23. The only way to increase net income is either to increase the size of individual premiums or decrease cost per policy handling.

Mr. Layton presented a number of ideas for decreasing policy costs. Reductions can be achieved by the use of a system which incorporates several operations in a single step. He took up typing and filing of records and keeping the files up to date.

## Urban Krier Gives Valued Views on Association Work

Urban Krier, executive secretary of Wisconsin Assn. of Insurance Agents, in addressing the Indiana agents meeting, expressed confidence that within a few years the Wisconsin membership should reach 1,000.

He asked why "so many insurance agents play so hard to get?"

Because so many prospective members ask "What will I get out of the association?", Mr. Krier said he has concluded that the agents in general do not appreciate what a trade association is.

Mr. Krier declared that if the good agents refuse to join their trade association, not only will they lose the American agent system, but so will all of the other agents.

Membership of 25,000 in National Assn. of Insurance Agents, he said, "is nothing to shout about and should give no cause for jubilation." There should be at least 75,000 members.

"It is the duty of each member to do the work of the association. You and you alone are the association. The number who are sacrificing their time for the good of all the other agents are few in number. Most agents usually plead that they are too busy, they have so much work that they just can't spend any time away from their business. I find, however, that these same agents find time to spend a month in Florida every winter; they never miss deer hunting season, they are out on the golf course several afternoons a week and they are active members of their lodge or club."

Also, he said, the man who refuses to act as a leader is usually the one who is always criticizing those who are doing the work.

"The agent who chisels on his dues to his association is chiseling on himself," Mr. Krier asserted. "He is starving himself—slowly but surely."

"Every time an agent chisels on his dues he puts more work on the executive secretary, unenjoyable work which

takes his time when he should be doing things far more valuable to the association."

Mr. Krier referred to the unsuccessful effort in the last Wisconsin legislature to pass an agents' license and qualification bill.

"The Wisconsin Mutual Alliance rallied all of its forces—they have been doing legislative work for years while the stock company agents and the stock companies were doing absolutely nothing—and they successfully defeated the passage of the bill. Their spokesman laughingly stated that the stock company agents wanted all the insurance agents to be Harvard graduates and Vassar girls. He stated that the people of Wisconsin were being served and served well by the part-time and unqualified agent and he could see no reason why such a bill should be passed. As he spoke for all of his member companies, he undoubtedly expressed the viewpoint of the men running those companies. Several of them rank among the largest direct writers in the U. S. After the legislative session adjourned we sponsored an insurance seminar at University of Wisconsin and we now have a class meeting every Monday night in Milwaukee taking the N.A.I.A. 134 hour course. Officers and employees of those same companies who are members of Wisconsin Mutual Alliance and who poo-pooed our desire to have qualification standards set up in Wisconsin have asked for admission and have been received and are now enjoying the fruits of our labors and are taking advantage of our educational courses."

"The quicker every insurance agent in Wisconsin and elsewhere determines to represent only companies that believe in the American agent system the quicker will you bring defeat to the enemies of that system."

Mr. Krier said he would like to see a local board in every county in Wisconsin and each one writing all of the public insurance with the commissions used for joint board advertising, radio programs, billboards, public relations, education, etc.

Local Board Activity

Mr. Krier declared history was made recently when National Bureau of Casualty Underwriters announced that before any major change is announced the agents, where they are organized, will be taken into the confidence of the companies and will be given a preview of the changes. "Just recently in Wisconsin James Cahill, secretary of National Bureau, sat down with a committee of our agents and explained to us the filings to be made and the method of operation to be followed by the bureau under the new casualty rating law just passed. He did this before he contacted the insurance department. After a successful meeting, a group of agents accompanied Mr. Cahill to Madison where he explained to the commissioner the planned filings."

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## Selling "Need" Might Create Demand for Medical Coverage

**Hospital-Medical Problems  
Reviewed at H. & A.  
Conference Forums**

The question of how much of a demand there is for medical care insurance was the central point of a forum on that subject conducted by Health & Accident Underwriters Conference in Chicago, following a similar session on hospitalization insurance. While the discussions brought out that the actual demand at the present time is rather limited, Darrell O. Smith, American Casualty, who was in charge of the discussion of that particular topic, pointed out that there was very little "demand" for hospitalization insurance until the public was sold on the "need" for it by the Blue Cross. That suggestion made a deep impression, and a number of comments on the possibility of educating the agents and the public to the need for this coverage, as was done in the case of hospitalization were heard.

### Doctors Should Assist

In connection with the development of hospitalization insurance, it was stated that the original impetus came from the hospitals, which wanted to be sure of having their bills paid, and that in some cases at least the doctors' desire along the same line is the genesis of medical care plans, so that they should assist in the education of the public.

C. C. Fraizer, conference general counsel, brought up another point, stating that representatives of the industry have assured insurance commissioners and Congress that private insurance can furnish any coverage more economically and more efficiently than the states or the federal government and that even if the companies should be losing some money on writing this form, they need to make good on these pledges.

On the "need" angle, it was stated that if a real need is found to exist, the companies should put out something to meet it. One dissenting voice along that line was that of A. M. Wilson, Liberty Mutual, who objected to trying to meet a need that he said is being created artificially.

### Cost Is Big Factor

The cost of the coverage seemed to be regarded as the biggest factor in restricting the demand. It was stated that where all coverages are included in a group contract, the basis on which most of the medical business is written, the demand seems to be first for hospital, then surgical and finally for medical, if there is anything left of the premium which the buyer is willing and able to pay, and if any of them are cancelled out, medical is the first to be dropped. It was stated that \$4 to \$5 per month is about the maximum that can be collected and that as a usual thing medical can be included only if the employer is paying a considerable percentage, probably 50%. Labor unions have in many cases demanded its inclusion but are likely to lose interest when they find out the cost.

It was stated that most individuals are not greatly interested in ordinary medical costs, but would be interested in something along the line of "catastrophe"

(CONTINUED ON PAGE 36)

## SCHENLEY MAN COUNSELS BUYERS

## Suggest Many "Ifs" for Would-Be Self Insurers

Peter Drake, insurance manager of Schenley Distillers Corp., in addressing the insurance conference of American Management Assn. at Chicago, gave a long series of "ifs" to those that may be contemplating a self-insurance program. He went down the line by type of insurance and in each category either recommended buying commercial insurance or emphasized disadvantages or drawbacks to self-insurance.

As to fire, he said if a company has 100 or more widely separated units such as newsstands in railroad stations, gasoline filling stations, or plants or warehouses isolated from hazardous exposures and has for many years, as the result of its fire prevention activities, enjoyed a favorable loss experience, self-assumption of risk for a limited amount as respects loss at any one location with a sufficient amount of excess coverage, would appear at first glance to afford protection which is comparable to that usually provided by commercial insurers. However, he warned, due to present unsettled conditions in insurance markets, it may be difficult to secure excess cover in domestic companies.

### Boiler, Machinery and Elevator

As to boiler, machinery and elevator liability, he said securing competent inspection service is a "must" and the prudent buyer usually depends on insurers for such service.

The automobile liability risk, he went on, is usually insured, as the combined cost of claim settlements and the premium cost of the excess cover is such as to make regular insurance coverage highly desirable. In considering self-insurance in this field, the company must look into the possibility of getting claim service and a satisfactory excess cover. There is always the possibility of disputes between the self-insurer and the excess underwriters as to whether claims should be settled or litigated.

On the head of fidelity bonds, he declared the average employer may not be able to investigate applicants for positions of trust. Large defalcations and embezzlements cause a severe drain on capital and profits. The amount a trusted employee may steal is unpredictable and self-insurance would hardly seem practical here.

### Workmen's Compensation

In workmen's compensation, he pointed out that many employers have at one time or another given serious consideration to self-assumption of risk. However, the total cost of self-insurers' expenses, losses, premiums paid for re-insurance, service charges made by state authorities should be compared with regular insurance terms. The self-insurer should use modified premium rates and apply them to proper payroll classifications in order to arrive at the actual savings that are accomplished.

In states where deposits of securities are required the funds, which could be used to augment working capital, may be tied up indefinitely. There is always the danger of unreported, reopened and underestimated claims. These may reach large proportions in a major business recession, especially when wholesale dismissals take place. Internal revenue department offers no relief from the consequences of such claims other than the right to claim such items as deductible expenses in the year of discovery. Retrospective rating plans, he declared, include practically all the advantages of self-insurance and eliminate some of its pitfalls. In general, Mr. Drake emphasized that it is foolhardy to assume insurable risks if the happening of an uninsured loss could result in serious financial embarrassment.

John W. Culklin, vice-president of Gurney, Overturf & Becker of Buffalo,

in addressing the same meeting, gave some advice to buyers on checking estimates for open claims under workmen's compensation. He recommended getting a list of all open claims at least eight months previous to the effective date of the experience rating modification. This is two months previous to the valuation date of the losses for rating purposes.

Then the insurance manager, he said, should satisfy himself that the reserve in each case is adequate and reasonable. Perhaps a doctor's examination report will convince the home office claims examiner that the reserve should be modified. Perhaps some minor report or doctor's bill may be keeping the case open with a reserve in excess of its actual value. He recommended closing all cases that can be closed at reasonable levels before the valuation date.

Company claim departments, he said, are very cooperative in discussing these matters. He observed that insurance buyers negotiate contracts with underwriters or brokers or agents, and hence there is no reason why they should not negotiate with the claims man on the value of losses.

An error in the value of a case is only a part of the total cost to the insured because the experience modification, as determined, including this overcharge, applies not only to the loss part of the rate, but also to the expense loading factor. Whatever the overvalue in a particular risk may amount to, he said, two-thirds as much again should be added to it to determine the overcharge on a premium basis.

## SCHINDLER TALK

Paul H. Schindler, insurance manager of Youngstown Sheet & Tube Co., criticized agents and brokers as expecting company executives "to know it all and hand them everything on a silver platter." He said he wants the agents to become "almost a nuisance."

"I like to have them under my feet; I want them roaming the properties and I want them to tell me what's going on in the insurance business. I want personal service and assistance," he said. Insurance managers need the benefit of the assistance of men trained in forms and rates, and who have the ability and vision to go into the plant and develop a complete program of protection from a visual study.

Mr. Schindler said that he had prepared a very complete insurance manual, telling the story of every phase of the insurance program. He asked how many agents have made up for an insured, a manual of his coverages or flow charts of his operations, or insurance maps. He said that the agents at least should see that the insurance manager gets help on matters of this kind.

### Make Themselves Scarce

He complained that although almost all the agents have a pass and can go into the plants any time they want, the only time they go in is when there is an accident or fire, and then they are with Mr. Schindler. Most of the time they let the adjuster go with Mr. Schindler. The agents, he said "expect that when anything new comes up, the insurance manager will read about it in The Underwriter or Casualty & (CONTINUED ON PAGE 32)

## Basic Automobile Policy Standard Provisions Revised

**Changes Also Made in  
Physical Damage Provi-  
sions in Combination Form**

NEW YORK—A revision of the national standard provisions for the basic automobile policy has been announced by National Bureau of Casualty Underwriters, Mutual Casualty Insurance Rating Bureau and the American Mutual Alliance, the new provisions to be effective Dec. 1. Changes in the physical damage provisions in combination policies have also been announced by National Automobile Underwriters Assn. and American Mutual Alliance. Comprehensive liability policies and the garage policy are being revised to reflect the changes. The most striking feature of the new form is a thorough editorial revision designed to simplify and clarify the policy. Among the more important changes are:

—The combination policy may be written by one or two companies, in accordance with the laws of an increasing number of states which permit multiple line underwriting.

### "Sickness and Disease" Covered

—In the B.I. and medical payments coverage the words "sickness or disease" have been added after "bodily injury" to make clear that such are intended to be covered. Further, medical payments coverage may now be written for any type of automobile and, under the manual rule in effect since 1945, always covers the named insured.

—The standard bail bond provision has been incorporated into the "defense, settlement, supplementary payments" clause.

—The named insured no longer is barred from recovery under the policy because the person or organization responsible for the injury (e.g., husband and wife) is an "additional insured" under the policy. Recovery always has been possible with respect to P.D. and under B.I. coverage when both parties were named insured.

### Provision on Domestic Employees

—To conform to recent workmen's compensation law amendments covering certain domestic employees for the first time, the policy provides that such persons may not recover under the medical payments or B.I. coverages.

—A new and brief condition concerning the proof of medical payments claims has been substituted for the two provisions formerly applicable. The riot and civil commotion exclusion has been eliminated with respect to those physical damage coverages to which it formerly applied. The windstorm and combined additional coverages now specifically except "rain, snow or sleet," this having been the underwriting intent.

## Crafts N. Y. President

NEW YORK—Surety Underwriters Assn. of New York has elected as president, Putnam L. Crafts, Home Indemnity; vice-president, Rankin Martin, Standard Accident; secretary, Daniel Monaghan, Home Indemnity.

## Urges Attention to UCD Problem

**Haugh Tells Casualty Actuaries Need for Action in Field; New Officers**

NEW YORK—James M. Cahill, secretary of National Bureau of Casualty Underwriters, was elected president of Casualty Actuarial Society at the annual meeting here. Other officers are H. T. Barber, Travelers, and R. P. Goddard, American Mutual Liability, vice-presidents; secretary, Richard Fondiller, Woodward & Fondiller; editor, Miss Emma C. Maycrink, Assn. of New York State Mutual Casualty Companies; librarian, Thomas O. Carlson, actuary National Bureau; and members of the council, George B. Elliott, compensation actuary Pennsylvania department; N. E. Masterson, Hardware Mutual Casualty; Jarvis Farley, Massachusetts Indemnity; C. A. Kulp, University of Pennsylvania; A. N. Matthews, Travelers, and J. W. Carleton, Liberty Mutual.

About 60 attended and heard the retiring president, Charles J. Haugh, Travelers, suggest that the casualty companies do not realize that they have a concern with the principles involved in non-occupational disability benefits. The problems posed by the demand for this type of coverage and the legislation to provide it are of immediate matter to every company which writes workmen's compensation or group accident and health insurance, he declared.

### Private Enterprise vs. Government

For years casualty companies have fought the battle of private enterprise vs. government in business, he pointed out. There is a substantial group which would like to see a federal monopolistic fund in the non-occupational disability field; others would like to see a state fund. The current thought in the latter field seems to be a competitive state fund with power to regulate any private operations in the same field.

Differences between different classes of carriers on this issue seem to arise in part from lack of understanding of the problem, he said. He recommended full study of the California, New Jersey and Rhode Island plans and their probable effects on insurance, along with a study of the history of state funds, particularly workmen's compensation.

While casualty companies are surfeited with business, it may seem inappropriate to urge consideration of a program that might ultimately develop additional premiums "equivalent to those of workmen's compensation insurance." While this isn't the "psychological moment" to sponsor such a project, he said the business is not in a position to choose the time for acting.

### UDC and WC Go Together

Every company in the business should give some real thought to the problem. As non-occupational disability goes, so goes workmen's compensation, he declared.

The enactment of such plans, he pointed out, poses some difficult problems for insurance companies.

Some of the largest writers of group A. & H. lack the facilities required to service small risks, particularly life companies. On the other hand, compensation carriers are well equipped to handle either large or small risks. It must be apparent that the handling of small risks presents problems quite different from those arising in insurance of large risks involving large numbers of employees. There is not merely the question of the expense of handling small risks, but also the possibility of adverse selection which may have a much more substantial effect upon the desirability of the individual small risk.

The enactment of a mandatory law of this type necessitates the establishment of a means of affording insurance to risks unable to secure it for themselves.

In the fields of workmen's compensation and automobile liability insurance this problem has been met through assigned risk plans. An alternative would be a pool, and that probably would be greeted even less effusively by even more companies. There is no doubt but that those companies who lack the facilities to handle small risks would have a real problem under an assigned risk plan. Such companies might, among themselves, establish an organization to take care of such risks either on a service basis or through a voluntary pool, or each company might arrange for some company with requisite facilities to service the risk whereby the company to whom the risk was originally assigned would reinsure the servicing company, guaranteeing it against loss.

The type of legislation proposed under the New Jersey plan is not legislation which can be sponsored by insurers. They would promptly be accused of selfish motives, in requiring employers to purchase insurance which previously had been on a voluntary basis. Any such proposal must come from employers.

### Rate Regulation

Among some companies there appears to be a fear that legislation of this type would incorporate rate regulatory legislation, although it is not at all necessary to the operation of the program. There is no rate regulatory legislation in the field of group A. & H. and competition has operated successfully to preclude any restrictions on competition. An individual carrier might establish unconscionable rates for less desirable classes of risks. However, fear of the enactment of rate regulatory legislation is likely to prevent such a course of action on the part of an individual carrier.

Doubt has been expressed as to the constitutionality of legislation along the lines of the New Jersey plan, but the preponderance of opinion at the moment is that such legislation probably would be upheld.

Seymour E. Smith of Travelers discussed "Interstate and Overall Rating Plans," and L. W. Scammon, statistician of Massachusetts Rating & Inspection Bureau, workmen's compensation rate making on a primary-excess basis in that state. The afternoon was devoted to a discussion of the problem of rate making under the new rate regulatory laws.

One of the new fellows, Ruth Salzmann of Hardware Mutual Casualty, and one new associate, Elia Vergano, New York Compensation Rating Board, are women.

Other new fellows are:

### New Fellows and Associates

E. S. Allen, Connecticut department; L. M. Barker, Fireman's Fund Indemnity, San Francisco; M. S. Hughes, Lumbermens Mutual Casualty, Chicago; Matthew Rodermund, Interboro Mutual Indemnity; Norman Rosenberg, Public Service Mutual; J. H. Rowell, Connecticut General Life; D. R. Uthoff, National Council on Compensation Insurance, and J. W. Wieder, Jr., Aetna Casualty.

The new associates are: J. W. Clarke, Travelers; J. B. Gardiner, Metropolitan Life; H. J. George, National Life; S. W. Gingery, Prudential; R. W. Lufkin, Employers group; G. C. Munterich, Lumber Mutual Casualty; R. C. Perry, State Farm; M. J. Schwartz, New York department; P. A. Turner, Eastman, Dillon & Co., Philadelphia, and R. J. Wolfrum, Liberty Mutual.

### Give John King Sendoff on His Eightieth Birthday

John J. King was guest of honor on his 80th birthday at a luncheon at the Drug & Chemical Club in New York. Mr. King is chairman of Hooper-Holmes Bureau and for many years was president.

About 30 guests attended the party, given by his four sons and his son-in-law.

## Origin of 2 to 1 Formula for the Casualty Business

There has been a good deal of discussion about formulas of safety applied by insurance departments to the ratio between policyholders surplus and premiums of the casualty companies. The position of the New York department on casualty business has been debated a good deal. This is the two to one formula; that is, \$2 of premiums to \$1 of policyholder surplus, which the department regards as a safe ceiling.

It should be pointed out that this formula has not crystallized into a ruling by the New York department.

### Grew Out of 1929 Difficulties

The New York department formula grew out of the efforts of Chas. A. Wheeler of the casualty division in 1929-1930 to devise a handy ratio for checking companies meeting the crisis that arose at that time. Companies were coming in for relief. They wanted a valuation of securities other than the market, which had gone to pot. Actually, of course, they wanted "artificial" values. They had to have them in order to stay in business. The department took the position that companies which required some basis other than market for security valuation were not in a position that entitled them to pay dividends to stockholders or policyholders, to write too much business, or in other ways act as though nothing had happened. Certain remedial steps were required to be taken, in the department's opinion, and Mr. Wheeler insisted upon them.

He came by the formula when he discovered generally those companies that had premiums of about \$2 to \$1 of policyholder surplus were not in difficulty. They didn't need to take a market valuation in order to show they were still solvent. They were all right. Those that had more premiums were the ones coming in for relief. Thus the formula proved itself fairly practical at that time and has been used since.

In the present circumstances, Mr. Wheeler believes the formula also is a good one. There are many factors aside

from a ratio of policyholder surplus to premiums, that bear on the condition of a company, and these factors all were taken into consideration. However, if premiums are being written at too rapid a clip, a company is assuming liabilities which it is going to have to meet and therefore responsibilities for which it must have money. If a company writes the business, then it must be ready to assume the obligations attached thereto.

It is true that premiums may be going up more rapidly than under ordinary circumstances because rates have been increased. An example of this is the automobile business where the larger premiums being received this year as compared with the last actually are putting the company in better shape than it was last year with fewer premiums. Yet the squeeze on reserves is greater this year than last. This would hold for all lines where rates have been raised.

A company that has \$100,000 of capital and surplus and free contingency cannot safely write \$5 million worth of premiums in a year, Mr. Wheeler believes. On the other hand, a company that has \$5 million in policyholder surplus, and only writes \$1 million in premiums, is really a financial trust and not fully in the insurance business. Yet the department, while it tries to remedy the ratio of the company that is writing too many premiums, can do nothing about the company that does not write up to a safe limit. In other words, the objective of the department is to see that those companies under its supervision are operated in such a way as to be able continuously to meet the obligations that they are incurring for the period for which they are being undertaken.

The department apparently does not regard its province as extending to include any responsibility for seeing that people get insurance. If the companies do not have enough money to write as much business as there is a demand for, then they must seek relief somewhere besides the insurance department. They must get more money. The department does not intend to permit them to write more than it is safe to do.

## To Merge Clement Stone Setup Into Combined Ins. Co.

Plans are now being perfected for the merger of Combined Mutual Casualty of Chicago into Combined Insurance Co. of America, which is the old Pennsylvania Casualty.

It is proposed that the continuing policyholders of Combined Mutual Casualty will receive a 5% increase in claim payments so long as their policies remain in force. A policyholder in the mutual company who declines to continue his insurance in Combined will receive an extension of coverage for one-half the period of his policy in the mutual company at no cost, or he may elect to receive a cash payment equal to the unearned premium on the policy plus 40% of the premium that was paid and earned during the current policy period.

Additionally, a formula is provided whereunder continuing policyholders may receive dividends if the business acquired from the mutual company in future years shows a sufficient profit.

### Clement Stone Is President

W. Clement Stone is president of both companies and owns more than 99% of the stock. He originally purchased the guaranty shares that provided the mutual company with working capital. As the mutual company became licensed, the sales organization previously developed by Mr. Stone under the trade

name of Combined Registry Co., together with the established business of that agency, totaling about 270,000 policies, was turned over to Combined Mutual without any legal consideration. The latter company now has about 300,000 policies in force.

A meeting of policyholders of Combined Mutual has been called for Dec. 5 to vote on the agreement.

The plan has received the informal approval of the Illinois and Pennsylvania departments and numerous suggestions that were made by these departments have been embodied in the program.

Mr. Stone, sometime ago, purchased Pennsylvania Casualty from Commercial Credit Co. and changed the name to Combined Insurance Co. It has \$250,000 capital and about \$300,000 net surplus.

Mr. Stone also operates Combined American of Dallas and Combined Casualty of Des Moines.

Combined Mutual at Dec. 31, 1946, had assets \$1,643,522; premium reserve \$780,685; surplus \$376,531; premiums written \$2,425,955; premiums earned \$2,089,635; losses incurred \$730,464; expenses \$1,304,548.

### American Surety Warns Bankers

Believing a crime trend is developing against which bankers should take precautions, American Surety has mailed out to all banks a bulletin containing excerpts of comments made upon the subject by banking leaders at the recent American Bankers Assn. convention. Enclosed is a card entitled "What to do about a bank holdup."



## New York A. & H. Club Elects Mitchell President

The Accident & Health Club of New York at a well attended meeting last week elected Henry B. Mitchell, Equitable Society, president. Other officers are: Wallace A. McCann, U.S.F.&G.; Gerald A. Parker, Preferred Accident; Henry R. Rodriguez, Metropolitan Life, vice-presidents; C. Michael Cronin, Travelers, secretary; James F. Kirby, Loyalty group, treasurer; and Kenneth J. McDonald, Hartford Accident, assistant treasurer.

Three members were elected to the executive committee, Julius L. Ullman, W. L. Perrin & Son; Walter W. Canner, Connecticut Mutual Life, and Kenneth B. Thompson, Century Indemnity.

## Employers Ask Reduction in Hearing on Increase

ST. PAUL—At a hearing Monday on a proposed overall 5% increase in Minnesota compensation rates for 1948, employers countered with a demand for a reduction of approximately 3.5%. Otto F. Christenson, executive vice-president Minnesota Employers Assn., prepared the case for that group. He argued that over a period of 12 years premiums have exceeded losses by as much as 31% at times.

In 1945 the employers succeeded in getting a rate cut of 1.96%, in 1946 of 5.8% although the companies had requested increases in both years.

## Write \$11 Million Bond on Chicago Project

The largest performance bond ever written in Chicago amounting to \$11,315,930 has been completed. Maryland Casualty is the sole originating company and there are 18 other companies participating.

The bond is for one-half the contract of \$22,631,860 on a joint venture of S. A. Healy and Peter Kiewit Sons Co. to construct 5.6 miles of south side interceptor sewer for the Chicago sanitary district.

The bond is a combination performance and payment, containing a provision relieving the sanitary district of any property damage liability, of whatever cause.

## Fete Brainard on 25th Year in Aetna Presidency

Morgan B. Brainard, president of the Aetna Life companies, was honored at a luncheon Nov. 17 given by company officers to observe his 25th anniversary in the presidency. A total of 523 home office staff members were also guests at the luncheon. Vice-president J. H. Brewster presided.

## Tri-State Casualty of Tulsa Expands Its Setup

Tri-State Casualty of Tulsa, which recently reinsured the business of National Mutual Casualty, now has capital of \$250,000, net surplus of more than \$150,000 and assets of more than \$2¼ million. The National Mutual building at 619 South Main street, which was owned by National Mutual Casualty, has now been transferred to Tri-State Casualty. All agents for National Mutual Casualty have been licensed for Tri-State.

## Started in Oil Fields

National Mutual was organized in 1935 as National Drilling Contractors Mutual Casualty and the name was changed to National Mutual Casualty in 1936.

Tri-State Casualty was organized in 1933 with head office at Miami, Okla., and specialized in mining risks. In 1936 it withdrew from the mine field and the home office was moved to Oklahoma

City. In 1946 Tri-State was purchased by Perry D. Inhofe and his associates and the home office was moved to Tulsa, and was operated by inter-locking personnel with National Mutual Casualty. Tri-State Casualty also owns Tri-State Fire.

Mr. Inhofe is president; Joseph Goodpaster is vice-president and secretary; Hiram West and Howard Allred are vice-presidents; Hugh Earl is treasurer; Fred F. Stevens, assistant treasurer and Catherine Reager and Lloyd A. Swain are assistant secretaries.

Tri-State Casualty operates in 14 states.

## McKee to Omaha Insurer

Central National of Omaha has appointed Robert J. McKee as secretary and treasurer. He was formerly comptroller of State Automobile of Iowa and prior to that was an examiner in the Iowa department.

## Set Mo. "Comp" Hearing

A public hearing to consider proposals made by National Council on Workmen's Compensation Insurance has been set by Superintendent Jackson of Missouri for Nov. 26 at Jefferson City.

The council proposes rate changes,

resulting in an average overall decrease of 7%; interstate experience rating which provides for combining the experience of a risk that operates in several states for the purpose of determining the amount of credit or debit to which it is entitled as against the manual rates of the state involved; and retrospective rating plan D.

Since Missouri does not regulate the rates on liability or third party insurance, plan D will not be applicable to those lines in Missouri. It will apply only to compensation rates. Standing alone, it will work on a basis similar to plan B.

**Malcolm D. McGrath, Jr.,** of the M. D. McGrath agency at Caribou, Maine, was a Navy Hospital corpsman before attending the U.S.F. & G. School of Insurance.

**George Hannigan,** of the George B. Gillin agency at San Francisco, was a Navy fighter pilot before attending the U.S.F. & G. School of Insurance.

# From Maine to California

... THEY LEARN TO EARN

Today's insurance agent must know the business if he hopes to reap the rewards that insurance offers. He must learn to earn. Realizing this, many young men from coast to coast and throughout Canada come to the

U.S.F. & G. School of Insurance in Baltimore. Here, in an intensive six weeks course, they are taught underwriting and sales. These young men, many of them veterans, carry back a new understanding of insurance.

"Consult your Insurance Agent or Broker

as you would your Doctor or Lawyer"



# U.S.F. & G.

United States Fidelity & Guaranty Co., Baltimore 3, Md.  
Fidelity & Guaranty Insurance Corp., Baltimore 3, Md.  
Fidelity Insurance Co. of Canada, Toronto



## Are your clients HALF-COVERED

against a power-equipment failure?

Boiler explosions make newspaper headlines. So most boilers are insured against accidents. But many owners of small and medium-sized factories, laundries, hotels, dairies carry no power-machinery coverage. Yet an accident to an engine, a compressor, an electrical unit may cost thousands in property damage—even more in the form of business interruption.

Here is an opportunity for you. Offer your Boiler Insurance clients

the protection—plus inspections by specialists—they need on their power machinery. The Special Agent of Hartford Steam Boiler has the necessary knowledge and experience to aid you in selling and servicing this added protection. Call him in and get a sales plan underway. Check over your list of clients. How many carry complete boiler and machinery coverage?



**The Hartford Steam Boiler Inspection and Insurance Company**

HARTFORD, CONNECTICUT

FOR POWER-PLANT INSURANCE, IT PAYS TO CHOOSE THE LEADER

## Name Territory Heads for Royal Aviation Dept.

Field personnel have been appointed in four territories to handle the aviation business of Royal-Liverpool. In the east, Edward P. Tracy is special representative and Gordon R. Robotham is technical advisor and inspector. Their offices are at 150 William street.

Robert E. Gross is special representative and Claude L. Seal technical advisor in the western section at Chicago.

The southern section will be handled by Edwin B. Benson, special representative, and Myron A. Crowl, technical advisor.

On the Pacific Coast, Robert F. Leesley is special representative and Homer A. Johnson, technical advisor. Headquarters are at San Francisco.

All the existing field facilities of the group will be used in handling and servicing aviation business, and the field personnel will be ready to function early next month.

Joseph G. Romans has been appointed manager of the department, with C. Fred Blackburn, assistant manager. Robert C. Sellers and Roland K. Swanson have joined the staff in New York.

Agents will be supplied with pocket guide on coverages, rates, premiums, commissions and other information shortly.

## Jainsen Defines Good Casualty Agent

The agent with a bright future in the casualty business is the one who realizes that while there is competition between agents for insurance required by law, real creative selling consists of convincing prospects that other coverages are of importance, Wilson C. Jainsen, vice-president of Hartford Accident, told the Maryland Assn. of Insurance Agents. The successful agent is the one who is willing and able to sell his customers not only the forms of protection they are required to buy, or for which there is a ready demand, but all of the forms that are needed to properly cover his exposure.

He defined the good agent as a good businessman who knows exactly where he stands at the end of every month, maintains an adequate staff and a convenient office. This agent is a real salesman or sales manager.

Mr. Jainsen said the agent must appreciate that his company's interests are his. A right company is one that appreciates the reverse is equally true. Under all conditions, it is desirable for the agent to develop a diversified account, and to make every effort to sell all lines and not just a few lines. This is not a selfish company viewpoint, he explained, but the vagaries of the business are such that no one ever knows what line may suddenly become unprofitable and the top-heavy agency will suffer. The customer will suffer too because he lacks the protection of the coverages which the agency has not developed.

A success ingredient is a broad knowledge of all coverages, knowledge that can be gained today from a number of different sources. A good agent is completely fearless about presenting any form and knows the needs. Most agents hesitate to push forms they don't know about.

### Prevention Agent's Concern

The speaker declared it the duty of an agent, as well as the obligation of the company to spread the message of fire and accident prevention. Regardless of how many dollars are spent to prevent automobile accidents and industrial accidents, there is nothing that will equal "local level" activities, he said. The law enforcement is extremely lax at some points and local agents who are voters and taxpayers can help check this. Inadequate automobile licensing is a mat-

## Why Some Firms Avoid Being Named in Employe Policy

Considerable interest has been aroused on the part of some large corporations in the statement of two members of Midwest Insurance Buyers Assn. at a recent meeting that they no longer require the employer to be named as an assured in the automobile policies of employees and that as a matter of fact they insist on not being named.

One of these men said that since the policies of practically all employees now contain the omnibus clause the employer has just as good protection as if the corporation were named as an insured. Omitting the name, he said, may enable the corporation to escape being named as a defendant in automobile damage suits. If the corporation were named, plaintiff's counsel might somehow get wind of it and that might put ideas in his head of trying to bring the corporation into the picture even though the employee was on a strictly personal mission at the time of the accident.

Then, too, including the corporation as a named assured makes it liable to assessment in a failed mutual or reciprocal organization.

Previously when the corporation's name was included in the policy, the management undertook to "police" the policies that were bought by employees and an attempt was made to weed out the weaker insurers. This practice had objectionable aspects and now there is no attempt to regulate the employees on their insurance purchases.

## McConnell Prefers Cal. Bill to All-Industry Plan

LOS ANGELES—F. Britton McConnell, vice-president and general counsel of Pacific Employers, addressed the Insurance Forum of Los Angeles on "Rate Regulation and Free Enterprise." He made it plain that his remarks were his personal opinion.

In his opinion, the California rate regulatory bill provides the maximum of independence for the companies. He pointed out that the powers of the insurance commissioner are not positive. The commissioner, under the California bill, checks the rates and forms of the companies, and puts up the stop sign if the proposal is inimical to the public interest. The bill, Mr. McConnell feels, complies with public law 15.

In response to questions, he said there are two basically different philosophies back of the all-industry bill and the California bill. He said the all-industry bill gives the commissioner power to approve and disapprove rates, while the California bill provides regulation without regimentation.

ter for each state to decide and the local agent can help immeasurably. Mr. Jainsen said he knew an agent whose community has a complete understanding of the present situation simply because the agent has discussed these matters in person with the editor of his local paper, has answered the editor's questions himself or demanded that they be answered by his company or by the association.

Such activities tend to stop trouble before it starts. "There may be no evaluation of good will item in an agent's financial statement, but there must be good will, or there will be no financial statement," he declared.

He said there is nothing sacrosanct about the American agency system, and that those who believe in it and work with it cannot be too sensitive to change or criticism. The system will necessarily reflect the changes that are taking place, and it is the duty of those who believe in the system to see that the changes are orderly, logical and designed to keep it in the forefront of competitive business.



## ACCIDENT AND HEALTH

### Group A. & H. and Hospital Plan for Brooklyn Brokers

NEW YORK—Brooklyn Insurance Brokers Assn. has adopted an accident and health hospitalization plan underwritten by United States Life. Essentials of the coverage are weekly indemnity for accident disability for five years, for sickness two years, and four weeks indemnity for partial disability. It provides medical expenses for non-disabling injuries, principal sum benefits for loss of life or dismemberment, and indemnity for hospital expenses for 70 days plus miscellaneous hospital charges. The policy is non-cancellable by the company as respects any individual and does not require evidence of insurability for those joining during the enrollment period ending Nov. 30.

### Faulkner Lincoln Speaker

Life, health and accident insurance is the strongest foundation of a free enterprise system in a democracy, E. J. Faulkner, president of Woodmen Accident, told the Lincoln (Neb.) Assn. of Accident & Health Underwriters at a meeting.

He said it is the job of every insurance person coming in contact with the public to participate in public relations work.

He pointed out that there are 40 million people in the United States who are insured by private accident and sickness companies.

### Licenses for Disability

LOS ANGELES—Fidelity National of Denver has been licensed to write disability insurance in California. It is associated with the United Insurers reciprocal group, and has \$100,000 capital and \$106,000 surplus.

Its stock was purchased by chiropractors in California, who also are stockholders in United Insurance Service Co., a California corporation, which is attorney-in-fact for the reciprocal.

Glen A. Ransom of Los Angeles is general agent.

### Changes Cal. U.C.D. Basis

LOS ANGELES—Connecticut General Life has announced through its Pacific Coast group department that it is now writing U.C.D. coverage on the 1% guaranteed cost plan instead of on the unit cost plan as heretofore.

The company has more than \$1 million in premiums which will be switched over. It will raise the benefits to the minimum required by the state in 1948.

### Texas Committee Meets

At the first meeting of the Texas Assn. of Accident & Health Underwriters executive committee since the organization session, held at Waco, Porter Bywaters Employers Casualty, Dallas, chairman, opened the session and then turned it over to O. D. Harlan, Interstate Business Men's, San Antonio, association president, who reviewed the fundamental functions of a state association. He said it certainly should not assume to constitute itself as a policing body and stressed the important part it can take in public relations.

The next meeting will be held at Dallas, Dec. 8.

### Push Wis. Organization

MILWAUKEE—The recently organized Wisconsin Assn. of Accident & Health Underwriters is conducting state-wide membership and local association organization drives. A new local was recently formed at Fond du Lac and progress is reported at La Crosse and Wausau, with a number of other cities showing interest in organizing locals.

Leo E. Packard, Loyal Protective Life, Milwaukee, secretary of both the

Milwaukee and Wisconsin associations and editor of the "Messenger" of the Milwaukee organization, is also editor of a new house organ for the state group.

Announcement has been made that the Wisconsin association will hold a sales congress here May 19-21, 1948.

### Ernst at Grand Rapids

GRAND RAPIDS, MICH. — Efforts to "weed out undesirable and fly-

by-nights" in the accident and health field were promoted at a meeting here sponsored by Western Michigan Assn. of Accident & Health Underwriters. Carl A. Ernst, North American Life & Casualty, president of Accident & Health Underwriters of Milwaukee and executive board member, was the speaker. He is a member of the executive board of National association. David O. VanSyckel is president of the local group.

### Consider Dental Program

WASHINGTON — Group Health Assn., local prepaid medical care or-

ganization, is proposing to branch out into the field of dental care. G.H.A. members at a meeting indicated they would like the trustees to develop a dental plan and submit it to a referendum vote.

For the present, the dental project would be on a "pay-for-service" basis, members putting up perhaps \$10 a year for dental service, until the organization has opportunity to develop actuarial basis for dental care, when the program could be put on an insurance basis.

The project involves setting up a dental clinic costing \$30,000, manned by full-time dentists and office assistants. It is estimated 1,000 would participate



CENTRAL SURETY AND INSURANCE CORPORATION

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in the dental program the first year and 2,000 the second year.

### Conn. Medical Care Plan

In line with a similar development in Rhode Island, the committee on pre-paid medical care of the Connecticut Medical Society has proposed an insurance plan for medical care. There is a schedule of fees for surgical operations and obstetrics, and the plan would be available to families with \$3,000 or less annual income and individuals earning not more than \$2,000 a year.

The proposal will be submitted to the society at its Dec. 4 meeting. Later on, medical treatment may be incorporated.

The program would be underwritten by the insurance companies. In the case of the Rhode Island plan, enough support was indicated by the insurance companies in advance of the proposal to guarantee its success. That plan goes into effect Dec. 1.

### New Branch at Janesville

JANESVILLE, WIS.—Daniel Long, district representative here, has been named manager of the new branch office of Employers Mutuals of Wausau. H. J. Kolpitke will be the adjuster.

## SURETY

### Surety Men Elect Scheemeacker

The Surety Underwriters Assn. of Chicago elevated M. J. Scheemeacker, Standard Accident, to president at the annual meeting and banquet last week.

Other members of the new official family are: Vice-president R. F. Munsell, Ocean Accident; secretary, Robert Hubner, Great American Indemnity; treasurer, Lester V. Beckway, Maryland Casualty. On the executive committee: W. H. Hansmann, Fidelity & Deposit; W. O. Schilling, U. S. F. & G.; Palmer O. Olstad, Continental Casualty; Ward Hilton, Hartford Accident; Edmond Madden, Maryland Casualty; J. J. Woodmansee, Century Indemnity and A. A. Korte, Fidelity & Casualty.

A reception preceded the dinner. When the time came for Secretary L. E. Williams, Hartford Accident, to read his minutes and conduct the business session, it was discovered he was not among those present. Only a slight hitch resulted from this development,

and Robert C. Goldkamp, Massachusetts Bonding, presented the nominating committee report and the entire slate was swept in by acclaim. No other business was transacted.

Edward Nelson, Standard Accident; Lester V. Beckway, Maryland Casualty, and William Bowersox, F. & D., were in charge of arrangements, and received high praise on their choice of menu, sirloin steak.

Following the dinner, the members indulged in cards.

### Coast Contracts Awarded

East Bay Municipal Utilities District, Oakland, Cal., has awarded contracts for various schedules of the Mokelumne aqueduct to Western Pipe & Steel Co., Vernon, Cal., at prices of \$1,875,903 and \$4,093,671; P. & J. Artukovich, San Pedro, \$1,095,429, and United Concrete Pipe Corp., Baldwin Park, Cal., \$3,356,639. Fidelity & Deposit will execute the Western Pipe bond through its San Francisco office; Great American Indemnity, through Wren & Van Alen, Los Angeles, will write the Artukovich bond and Maryland Casualty, through its Los Angeles office will write the Concrete Pipe bond.

L. E. Dixon Co., Los Angeles, has been awarded the contract for construction of transit sheds in the Outer Harbor, Long Beach, at its bid of \$856,600. Fidelity & Deposit will execute the payment and performance bond.

Sisters of Charity of the Immaculate Word have awarded R. E. Gilmore the contract for an addition to St. Mary's Hospital, Long Beach, Cal., at a price of \$1,216,400. Fireman's Fund Indemnity will execute the bond.

Wunderlich Construction Co., Jefferson City, Mo., has been awarded the contract for the Cherry Creek dam and reservoir near Sullivan, Colo., by the U. S. engineers, at its bid of \$7,995,125. National Surety through its St. Louis office will execute the bond.

### N. J. Surety Men Elect

NEWARK—The Surety Underwriters Assn. of New Jersey has elected as president, L. P. Hodgman, Employers group; vice-president, Clyde W. Quick, Aetna Casualty; secretary, George A. Schmitt, Loyalty group.

Trustees are Percy A. S. Rogers, U.S. F. & G.; Herbert N. Hutchinson, American Surety; C. J. Collins, Standard Accident; John A. Rogers, F. & C., and W. S. Sadler, Century Indemnity.

### Lunch for Insurance Press

The Surety Assn. of America will hold an informal luncheon for members of the insurance press at the Bankers Club in New York City Dec. 2.

### Lang Article on Research

Frank Lang, manager of the research department of Assn. of Casualty & Surety Companies, is the author of an article on "Planned Sales Management Means More Insurance Sales" in "Printer's Ink." Mr. Lang notes that insurance is using the fruits of research more and more to guide its sales policies. He relies principally on the research report of the Curtis Publishing Co. on fire, automobile and casualty insurance, made in 1943. He emphasizes the loss prevention activity of agents and companies and conservation purposes.

### 3 D Revision on Way

The revision of the 3 D policy, which has been in the works for some time, is expected to be issued before the first of the year. Changes are not of major import. They consist principally of the elimination of the endorsements by inclusion of coverages in the policy. This will make it easier for the agent to handle the contract.

## COMPANIES

### Republic Indemnity Writing Suspended Only in Illinois

Upon the basis of erroneous information, an article was printed in the issue of Nov. 6 which stated that Republic Indemnity had suspended writing new business nationally. This information was secured from a representative of the company, but according to R. G. Horwitz, secretary and general manager at the head office in Los Angeles, it was incorrect. The fact is, he stated this week, Republic Indemnity suspended writing only in Illinois, action which was taken because of the large volume of new business placed on the books there by E. H. Rieke, who was Illinois state manager and since has resigned.

Mr. Horwitz states that Republic Indemnity is licensed in seven states and has quite a wide scope of operations. The assets now are approximately \$800,000, he reports.

"The company is doing quite well and is in the midst of selling additional stock, both preferred and common," Mr. Horwitz states.

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appointed exclusive general agent for the company in the state of Illinois and are servicing the present business and are also renewing policies upon sound underwriting principles."

### Offers Preferred Stock of N. W. Casualty to Employees

Capital of Northwest Casualty of Seattle is being increased partially through the purchase of additional common shares by Northwestern Mutual Fire, and partially through the sale of \$300,000 6% cumulative preferred stock to employees of the two companies. Financing arrangements have been made so that employees may buy the stock on a monthly basis. The preferred stock to be sold aggregates \$300,000.

Northwestern Mutual Fire is investing \$500,000 additional in Northwest Casualty of which \$300,000 will go to capital and \$200,000 to surplus.

### To Build New Home Office

Pennsylvania Threshermen's & Farmers Mutual Casualty has awarded a \$650,000 contract for the construction of a new home office building at 19th and Derry streets, Harrisburg.

### Plan Neb. Farm Bureau Insurer

A drive is being put on in Nebraska to get 4,000 charter members for a farm bureau automobile insurance company, which is to have \$125,000 capital. Results of the charter campaign will be submitted at the state farm bureau convention Dec. 3.

Farmers Elevator Mutual Casualty of Des Moines has been licensed to write all casualty coverages in Oklahoma. Roy Bender of Enid is general agent.

## CHANGES

### Employers Makes Three Engineering Promotions

John Wildman, William M. Pierce and James Nicol have been promoted to assistant superintendents of the home office engineering department of Employers' group. Harold L. Jones, for many years assistant superintendent of the department, is retiring from active service.

Mr. Wildman will act as an administrative assistant to E. P. Knight, superintendent of the engineering department. Mr. Wildman has been with Employers since 1934.

Mr. Pierce will have charge of industrial hygiene and occupational disease work as well as chemical and research problems. He joined the company in 1936.

Mr. Nicol will be in charge of boiler and machinery inspection work on power plant coverages. He started with

### Kelly Heads Los Angeles S. W. Sales Congress

LOS ANGELES—Accident & Health Managers Club of Los Angeles has elected these officers: President, Robert B. Kelly, Emmett & Chandler; vice-president, Herbert Rose, Unity Mutual Life & Accident; secretary-treasurer, Al Foster, Hartford Accident; directors, Fred Dibble, Provident Life & Accident; Charles E. Olsen, Standard Accident; Ray Scofield, Massachusetts Bonding, retiring president, automatically became a member of the board.

Walter E. Mast, past president California Assn. of Accident & Health Clubs, and Charles E. Olsen, past secretary, reported on the recent state convention here.

The club's Christmas party will be held Dec. 16.

Gilbert Keller, who has completed the home office field training course and has had some field experience, has been appointed district manager of Woodmen Accident at Antigo, Wis.

Employers engineering department in 1933.

### Makes New York Changes

L. M. Donahoe has been named superintendent of claims at New York for Glens Falls Indemnity. W. B. Youngerman becomes assistant superintendent. Leo D. Quinn was placed in charge of suit adjustments.

### Lowenstein to Local Agency

Edwin F. Lowenstein has resigned as field manager in southwestern Illinois for American States and has purchased

the Roy S. Murray agency of Highland, Ill., where he will go into the local agency business and handle claims for several companies in southern Illinois.

Mr. Lowenstein has been with American States for 3½ years and prior to that handled claims for Gulf.

### Steel Dallas Manager

Home Indemnity has appointed John A. Steel manager at Dallas. He has been acting manager since last May.

Mr. Steel joined Home Indemnity in 1945 as underwriter and became special agent the following year. He is a grad-

uate of University of Texas and started in the insurance business in 1937.

### City Covers Water System

BATTLE CREEK, MICH. — The Battle Creek township board decided to purchase public liability and property damage coverage for its water department and has secured coverage for \$25,000/\$50,000 public liability and \$15,000/\$25,000 property damage. Premium will total about \$300. The insurance covers any damage resulting from operation of the water system or collapse or accidental wreckage of the district's 138-foot elevated storage tank.

"Unforeseen events . . . need not change and shape the course of man's affairs"



## HE KNOWS...AND KNOWS THAT HE KNOWS

HE WHO KNOWS, and knows that he knows, usually gets on the right course and stays there.

The most effective, least expensive way for any Maryland agent to put a new employee on the right course is to send him to The Maryland Insurance School.

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Not only will he receive a practical working

knowledge of all lines of casualty insurance, fidelity and surety bonds, but he'll also learn a great deal about agency management, advertising and selling.

The next class of The Maryland Insurance School starts at the Home Office in Baltimore on Monday, January 12, 1948. The school is open to all agents of the Company, their employees, sons and daughters. Enrollments are now being accepted and given priority as received.

Maryland Casualty Company, Baltimore 3, Md.

## THE MARYLAND

## ASSOCIATIONS

### Danford Chicago Casualty Underwriters Assn. Speaker

An overflow crowd of 55 attended the first fall meeting this week of the Casualty Underwriters Assn. of Chicago. The speaker was H. R. Danford, director of education for National Conservation Bureau, who commented on driver education in high schools. He also discussed the need for uniformity in state driving rules.

Louis Ollmert, Aetna Casualty, president, was in charge. Roy Davis of Assn. of Casualty & Surety Companies attended and made a few remarks.

### Tierney New President of Des Moines Club

James F. Tierney, U. S. F. & G., has been elected president of the Des Moines Casualty & Surety Club. Glen A. Brady, American Surety, is first vice-president; Will A. Allen, Massachusetts Bonding, second vice-president; and William B. Strowbridge, Fidelity & Deposit, secretary.

### F. B. I. Man at Milwaukee

MILWAUKEE—H. J. Johnson, special agent in charge of the Milwaukee office of the F. B. I., told the Casualty Adjusters Assn. of Wisconsin, of convictions obtained in cases involving interstate thefts of motor vehicles, goods being shipped and thefts involving more than \$5,000, many of which involved an insurance angle.

### Safety Engineers Organize

The San Antonio chapter of American Society of Safety Engineers has received its charter. It is composed of safety engineers from Laredo, Corpus Christi, Harlingen, San Antonio and

other southwest Texas towns. L. C. Picnot, Picnot Adjusting Company, San Antonio, is chairman.

### Casualty Accountants Reelected

Officers of the Assn. of Casualty Accountants and Statisticians were reelected at the November meeting. They are: President, F. A. Eager, Indemnity of North America; vice-president, C. G. VanderFeen, National Surety; secretary, J. C. Barrows, American Surety. This was the 25th anniversary dinner.

Southern California chapter of California Insurance Auditors Assn. will hold its Christmas party Dec. 10.

### New Mass. P. D. Rates

Increases of from 4 to 38% are found in the new automobile property damage liability rates for Massachusetts that have been filed by National Bureau of Casualty Underwriters. Although the rates for compulsory automobile bodily injury liability are promulgated by the Massachusetts insurance department, the P. D. rates are originated by the companies and bureaus.

For most towns the P. D. rate increases range from 10 to 15%.

Massachusetts Automobile Rating Bureau has now adopted the national table of charges for excess limits in place of the former Massachusetts table. However, the old table for taxicab limits is unchanged. The new table represents a reduction of better than 25% in the cost of excess limits.

Rates for coverage of guest occupants which is not provided for under the compulsory insurance law will remain at \$3.

### Bollinger N. J. President

The New Jersey Accident & Health Assn. has elected new officers: President, James M. Bollinger, C. W. Bollinger & Co.; vice president, Joseph H. Delman, J. H. Delman & Co.; Eric

Bohm, Loyalty group, and Millard Wisner, C. J. Simons & Co.; secretary, Richard Caldwell, U. S. Life; treasurer, T. J. Cunningham, Aetna Casualty.

Fred E. Ditmars, Massachusetts Mutual Life, president Life Insurance & Trust Council of North Jersey, spoke on "Screwball Selling."

The Christmas party will be held Dec. 18.

### Short Rate Procedure

In connection with the issuance of new uniform short rate tables by fire, marine and casualty organizations, it is provided that existing supplies of policies may be issued bearing the former short rate tables or procedures, but no insurer shall retain more than the percentage of the premium determined by the new uniform tables on cancellations on or after May 1, 1948. It is permissible, however, to include the new tables or procedures in any policy written with effective date on or after Dec. 1.

### Dissolve Potomac Indemnity

Potomac Indemnity, which was organized in 1942 by General Accident, but had conducted no underwriting activities, has now been dissolved.

### Must Rewrite Some Groups

BOSTON—Companies writing group policies outside Massachusetts on associations to cover Massachusetts employees of their members are violating Massachusetts statutes Attorney-general Barnes has ruled. Commissioner Harrington has notified all offending companies to correct their writings on penalty of license suspension or revocation.

The attorney-general held that the practice violates the statute requiring all policies in force in Massachusetts to be countersigned by a resident agent. All policies in violation must be cancelled and rewritten to comply with the Massachusetts law, according to Commissioner Harrington.

### Asks Return to Fundamentals

At the meeting of Kansas City Assn. of A. & H. Underwriters Bert A. Hedges, manager of B.M.A. at Wichita, spoke on "Getting to Today's Market." He suggested doing away with frills and accessories and getting back to selling the basis of A. & H. insurance which is the protection of income. He said that prospecting is important but one should not qualify his prospect out of the business. He suggested using a memorized approach.

Harlan L. Hart, 73, former state treasurer of Montana, who became state manager of National Surety on retiring from public office in 1920, died at Helena. In 1928 his son, Russell H. Hart joined him as assistant manager. In 1931 the agency of Hart & Hart was formed and continued in operation until 1942 when the son was called into service. H. L. Hart retired from active business at that time.

G. R. Ainslie, superintendent of the casualty department of American Surety at Washington, discussed products liability insurance at a luncheon meeting of the northern region of Virginia Assn. of Insurance at Alexandria.

Richard J. Cummins, assistant secretary of Peerless Casualty at New York and reinsurance underwriter, was at Chicago last week conferring with Andrew J. Helmrick, resident vice-president. They made a trip to Wausau, Wis., together during the week.

Kenilworth H. Mathus, former editor of the "Casualty & Surety Journal," has been appointed head of "Printers' Ink's" new book publishing department. While most of the books sponsored by "Printers' Ink" will be on general sales and advertising topics, some will have a special appeal to insurance men interested in advertising.

## Tells Drawbacks to Self Insurance

(CONTINUED FROM PAGE 25)

Surety Bulletins, or some agent that is trying to cut in on the line will tell me about it. They don't even have to keep track of renewals."

Mr. Schindler said that when he gives an order to place \$25 or \$30 million fire U. & O., he gets the last word in coverage and protection. He gets the best rate available, and when he has an emergency and needs a lot of special coverage quick, the producers go to bat and they do a fine job, "but that is something I have a right to expect and by their training, they should have the know-how."

## ECONOMIST HEARD

Howard R. Bowen, dean of the college of commerce of University of Illinois, in addressing the luncheon meeting Wednesday, declared that we are not yet clearly and safely over the "inflationary hump." Hence, insurance buyers must still look to their coverage. On the other hand, the insurance market will probably be eased when the present boom comes to an end, as it will sooner or later.

Nevertheless, even if there is a recession, the total amount of insurance facilities needed in this country will be far above pre-war requirements. This is true because the price level will probably be higher than it was before the war, because as a result of the great capital expansion of the past few years, the amount of insurable property will be

## WANT ADS

### ACCIDENT AND HEALTH CLAIM ADJUSTERS

Well known casualty company has openings in Detroit branch and home office for qualified men with knowledge of accident and health claim work. These are permanent situations offering unusual opportunities in a nationally known multiple-line insurance company. Outline full experience, details and salary requirements. Address O-7, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### WANTED PRODUCTION MAN

for Chicago office of an established company writing fidelity, surety and specialty casualty lines. The ideal man will be under 35, of pleasing personality, and will have a broad and general knowledge of the insurance business resulting from previous employment in an enterprising agency or small branch office. Job opportunity is limited only by ability to produce and compensation will be in keeping therewith. Our employees have prior knowledge of this advertisement. Write, giving age, educational and other background, experience and other pertinent information to O-5, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

Detroit Branch Office of leading stock casualty and bonding company has positions open for casualty underwriters and special agents, due to promotions. Advancement certain if you qualify. Here is OPPORTUNITY. Give details Address O-1, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

Casualty and Inland Marine Underwriter wants position as Special Agent at Underwriter. South preferred. 15 years experience. Address O-3, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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much greater and because the country has become more insurance-minded and concerned to get adequate protection.

Dr. Bowen said there are a number of strategic factors which, in combination, could produce a sharp recession, these being a possible decline in expenditures for producers durable equipment, termination of inventory accumulation, and a decline in exports. Such a recession would have a profound influence on the level and structure of prices. We have been in the midst of a first-class boom, he observed, and there is little reason to expect a period of stable prosperity following a boom. Booms have always culminated sooner or later in recessions.

During boom periods, those living at the time have not believed that the boom could possibly come to an end soon. In boom periods the future has always looked bright, sales have been increasing, demands have seemed unlimited, unfilled orders have been large, business has been profitable and elaborate plans for future expansion have been under way.

We should be on guard against the comfortable view that a new era of balanced prosperity is here, or that only a mild and brief "corrective recession" lies ahead.

#### Lists Constructive Factors

On the cheerful side, Dr. Bowen listed factors that would tend to cushion any decline in business, these including important deferred demands for housing, automobiles, capital equipment and other durable goods; liquid savings of individuals that may be used during a period of unemployment; resistance of organized labor to wage cuts; government support of agricultural prices; deliberate use of fiscal policy by the federal government, interest rates are low and there is no foreseeable credit stringency ahead; the nation is profiting from past experience and is more conscious of the dangers. The relatively prudent behavior of all concerned has been one of the major factors tending to prolong the recent boom.

#### Chicago Accident & Health Men Honor Parkinson

More than 200 accident and health men and women, including a score or more out-of-state company men, assembled for the dinner given by the Chicago Accident & Health Assn. there Tuesday night to honor Insurance Director Parkinson of Illinois. Harold R. Gordon, managing director Health & Accident Underwriters Conference, on behalf of the industry presented the honor guest a lounging chair for the library of his home.

In his presentation talk Mr. Gordon spoke of the fact that in 1946 Illinois was second only to New York in volume of accident and health premiums, with \$54 million as against \$56 million, first in per capita premiums, with \$6.98 as against \$4.03 for New York, and first in individual policies, \$33 million against \$29 million for the Empire State.

Mr. Parkinson in his response said he always had disliked the idea of a "testimonial dinner" as it seemed to carry the idea that the honoree was being thrown on the shelf but with the restful ease promised by the gift he had just received, that might not be so bad after all. He thanked the accident and health men for the support given him during his administration and expressed his appreciation for the honor paid to the members of his staff, 19 of whom were guests at the dinner. He paid tribute to the work done in the Illinois legislature by two other special guests, Arthur J. Bidwill, chairman senate insurance committee, and W. Russell Arrington, vice-chairman house insurance committee. Senator Walker Butler also had gone to Chicago for the occasion but was called away again before the dinner.

Jay De Young, president; B. H. Groves, vice-president, and program chairman, H. L. Bredberg, secretary

and membership chairman, and Irving G. Wessman, chairman of the arrangements committee for the dinner, spoke on the work of the Chicago Association, stressing its rise to first place in membership among all local associations. Miss Margaret Haskell, president of the women's division, was presented a bouquet for her work in that capacity. President De Young announced that W. R. Dignan of Cincinnati, president of the Ohio association, will speak at the next luncheon meeting Dec. 16.

A telegram was received from M. B. Williams, executive director Industrial Insurers Conference, extending felicitations from that organization and its member companies.

#### Gammage Interests in Tex. Form Pan American Cas.

T. E. Gammage, Sr., announces the formation of Pan American Casualty, with capital-surplus of \$250,000 in the Niels Esperson building, Houston. Mr. Gammage is chairman and president; Earl W. Gammage, vice-president and general counsel, T. Earnest Gammage, Jr., vice-president and secretary, W. P. Castle, vice-president, and Frank I. McPherson, treasurer and comptroller.

T. E. Gammage, Sr., is president of Pan American Corp., president of General Mutual, president of T. E. Gammage & Sons, and chairman of Lloyd's Casualty Insurer. He has been in the insurance and real estate business at Houston over 25 years.

Earl W. Gammage is president of Metropolitan Credit Ins. Co., attorney-in-fact and general counsel for Lloyd's Casualty Insurer, vice-president of T. E. Gammage & Sons, vice-president of Pan American Corp., senior member of the law firm of Gammage & Gammage, a director of Houston Bar Assn. Earl W. Gammage attended Rice Institute and Baylor University law school. He has practiced law at Houston for a number of years.

T. Earnest Gammage, Jr., is vice-president of T. E. Gammage & Sons, associate attorney-in-fact for Lloyd's Casualty Insurer, vice-president of Metropolitan Credit, vice-president of Pan American Corp., a member of the law firm of Gammage & Gammage, and vice-president of Houston Junior Bar Assn.

Mr. Castle is vice-president and secretary of General Mutual, and associate attorney-in-fact of Lloyd's Casualty Insurer.

Mr. McPherson was formerly office manager at Dallas for Associated Indemnity. At one time he was chief accountant of Houston Fire & Casualty.

#### Indictment of More Mail Order Insurers Possible

From the tenor of federal pronouncements it seems highly possible that the special federal grand jury now meeting at Chicago to investigate mail order insurance companies will return indictments against several insurers. The fraud hearings investigation at Chicago under direction of Otto Kerner, Jr., U. S. attorney, are significant because a preponderant number of such companies are domiciled in the midwest. The inquiry has been under way for six weeks on the heels of a nationwide survey by the postoffice department to determine if the mails have been used to defraud certain policyholders. At Hammond, Ind., indictments were recently returned against Guarantee Reserve Life and Guarantee Life, both of that city.

Daily newspapers in the Chicago area have given the proceedings considerable publicity and accounts are sprinkled with quotations from postoffice officials, both local and in Washington to the effect that the alleged frauds run into millions of dollars annually and that the department is in the midst of a tough drive to stamp this out.

Postal inspectors have intimated that among the companies which are targets are several which have been in business for a number of years, but who com-

paratively recently began mail advertising campaigns.

#### Preferred Managers Hold Conference in New York

Preferred Accident held a conference this week at New York for managers throughout the country. Henry E. Houghton, secretary of agency department was in charge.

Delegates were welcomed by Floyd N. Dull, president, and speakers at the first session were Mr. Houghton, Lewis F. Koppang, comptroller, and Kimball C. Atwood, Jr., vice-president, who discussed accident and health developments.

The second day was given over to underwriting problems under the direction of Clarence A. Cole. The department heads participating were George Osmer, automobile; William J. Fasbender, burglary and glass; William

Forrest, compensation and liability, and Philip Miller and Norman Amos, audits and engineering.

Robert J. Kennedy, manager of fidelity and surety department, conducted the second day's session, after which there was a managers' forum. In the evening the group attended a company dinner and Mr. Dull spoke.

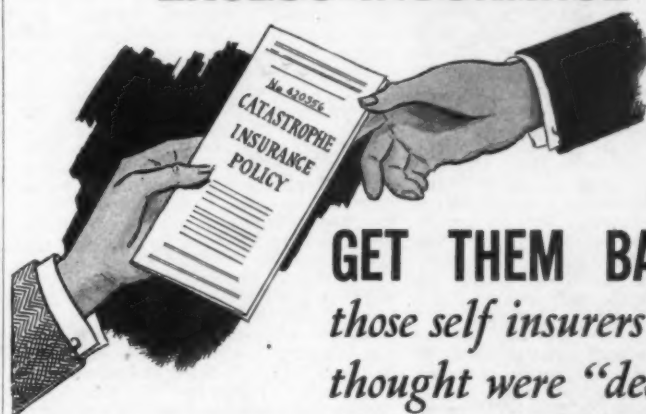
A visit with home office department heads was a feature of the last day.

#### S. W. Sales Congresses

A series of accident and health sales congresses will be held Dec. 8 at Oklahoma City, Dec. 9 at Dallas and Dec. 10 at San Antonio.

E. H. O'Connor, managing director Insurance Economics Society, Chicago, and S. H. Gregory, Business Men's Assurance, Denver, first vice-president National Assn. of Accident & Health Underwriters, will speak at all three congresses.

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# INSURANCE NEWS BY SECTIONS

## MIDDLE WESTERN STATES

### Kansas Mutuals Elect H. J. Ferguson President

WICHITA—H. J. Ferguson, secretary-treasurer of Farmers Alliance, McPherson, was advanced to president of Kansas Assn. of Mutual Companies at its annual meeting here. C. T. Collins, Republic Mutual Fire, Belleville, was named vice-president and Carl J. Richter, Midland Mutual, Newton, renamed secretary. McPherson was selected for the 1948 meeting. Ed. N. Regnier, Farmers Mutual, Wamego, is the retiring president.

Commissioner Sullivan reviewed the growth of Kansas mutual companies in the past 10 years.

J. F. Hobbs, Midland Mutual, Newton, advocated establishment of a force of competent inspectors in Kansas who would report their findings to all mutual companies. Under such a setup, cancellations for hazardous conditions would be reported to all member companies and no company would carry the risks until the objectionable conditions were removed or corrected. He also urged that rate credit for composition roofs be withdrawn for improperly applied roofing or where it was applied over old shingle roofs. He said the credit is not justified unless the composition is applied directly to solid roofs without air pockets.

T. A. Hiebert, Wichita agent, gave a constructive talk on "Selling," saying that a sales approach must be carefully prepared. He said the companies should prepare their field men with helpful ideas which they could pass along to the local agent.

Other speakers included: Harry P. Cooper, Jr., Indianapolis, secretary National Assn. of Mutual Insurance Companies; Frank T. Barlow, Wellington, Southern Kansas Mutual; W. J. Schultis, McPherson, Farmers Alliance; Clyde Latchem, state fire marshal, and Ewing B. Fergus, Wichita manager Kansas Inspection Bureau.

Nearly 200 attended the banquet. Entertainment was furnished by the A.O.U.W. barber shop quartet of Newton, which included W. C. Getz, state agent Midland Mutual.

### Southeast Missouri Agents Elect at Charter Meeting

At the first meeting of the newly organized Southeast Missouri Assn. of Insurance Agents at Sikeston, C. Clarence Scott, Sikeston, was named president; Walter B. Bernard, Caruthersville, vice-president and Joseph Leslie, Sikeston, secretary.

The new president stated that the association had been formed because of the difference between agriculture and industry in southeast Missouri as compared with the rest of the state. He emphasized that the group has no intent to disassociate itself from the state or national associations and, on the contrary, believes an even closer spirit of cooperation will result.

There were 34 agents representing 21 agencies in 13 towns present at the inaugural meeting. Mr. Scott acted as chairman. The new officers were escorted by Edward J. Coon, Charleston, and Joe Webb of East Prairie. It was decided to postpone appointment of an executive committee, and voted to hold the next meeting about the second week in January at New Madrid, at which time the by-laws will be discussed.

Offices of Wisconsin Assn. of Insurance Agents have been moved from 606 West Wisconsin avenue, Milwaukee, to 125 East Wells street in the Fine Arts building.

### Milwaukee Board Members Setup Is Changed

MILWAUKEE—Several basic changes have been made in membership setup of the Milwaukee Board with adoption of amendments by the membership on recommendation of the by-laws committee, headed by Val Gottschalk as chairman.

Hereafter the membership will consist of two classes. Class AA members shall be policy-writing commissioned agents who qualify as local agents within the meaning of the by-laws and who may represent one or more companies. This includes all present members. Class A members are non-policy-writing agents who transact fire and allied lines of insurance exclusively through and with Class AA members or through and with a local company or a Milwaukee county department manager of a company. This automatically includes all present solicitors appointed by the board.

Another amendment clarifies by-laws by providing specifically that directors are instructed and empowered to interpret the by-laws from time to time, such interpretation being subject to review and revision at any regular or special meeting of members.

The change in membership provisions came as a result of the formal resignations of several officials and department managers of insurance companies from the board, a friendly action prompted by the S.E.U.A. decision and subsequent enactment of public law 15. The resignations do not in any way affect membership of agents or solicitors of these companies, it was emphasized by Mr. Gottschalk.

### Sullivan Asks That Agents Help Solve Own Problems

WICHITA—Commissioner Sullivan of Kansas and Russell Brown, deputy in charge of fire and hail insurance, were guests at the November luncheon meeting of the Wichita Assn. of Insurance Agents. Mr. Sullivan gave a brief informal report of the work of the department since Jan. 15. He said the public is fast looking to the insurance man as a specialist in his field but that many agents need to improve their knowledge. He commented that it is unfortunate that the public does not have the opportunity to read the insurance journals and thus obtain a better conception of the importance of insurance, which is not gained from the daily papers.

He said he wants to be fair to the agents but it is his duty to protect policyholders. He asked that the agents do their part to eliminate any violations of the rules and not throw problems in his lap that they should solve among themselves.

President Ray Mann, Dulany, Johnston & Priest, reported on the N.A.I.A. annual meeting.

### Exceed Milwaukee Limit

MILWAUKEE—The limit of 50 enrollments for the class having been exceeded, the educational course sponsored by the Milwaukee Board and Wisconsin Assn. of Insurance Agents may be extended to two nights a week. The standard 134-hour N.A.I.A. course is being used, with field men of fire and casualty companies as instructors.

### Start Course at Sheboygan

SHEBOYGAN, WIS.—The Sheboygan Board is sponsoring an educational course in cooperation with the vocational school, with instructors provided by the extension division of the University

of Wisconsin. Urban Krier, Milwaukee, executive secretary Wisconsin Assn. of Insurance Agents, attended a dinner meeting with board members and Jacob Spies, director of the school. The introductory course for new agents and the advanced N.A.I.A. standard course will be given.

### Ind. Independent Adjusters Meet at Indianapolis

The Indiana Assn. of Independent Adjusters held its first meeting in five years at Indianapolis Monday. Officers elected for the coming year were: M. M. Johnson, Fort Wayne, president; A. M. Foley, South Bend, vice-president; Robert C. Pruyne, Indianapolis, secretary-treasurer.

Committees on membership, legislation and constitution were appointed. New members enrolled were Whipple & White, South Bend; E. A. Truss, Richmond; Morris McDaniels, Terre Haute; Charles Buston, Fort Wayne; H. R. Kime, Robert C. Pruyne, John Spotts, Indianapolis.

### Topeka Agency Sold

Mrs. Grace B. Buck, who has been secretary-treasurer of the Seltam & Co. agency, Topeka, has retired after 37 years in the business. Prior to 1941 she was with the old A. A. Rodgers agency. The Seltam agency was recently sold to W. O. Wanamaker and Roscoe C. Rowse, who have formed the new Wanamaker agency, with Mr. Wanamaker as president, Mr. Rowse as vice-president and Robert F. Delper, secretary. Messrs. Wanamaker and Rowse were formerly with the Seltam agency.

### Discuss Commission Outlook

The Hutchinson (Kan.) Assn. of Insurance Agents held a round table discussion on the rumored reduction in agents' commissions. Student winners in the Fire Prevention Week school poster contests will be entertained Nov. 25.

### K. C., Kan., Agents Elect

Evan H. Browne, Jr., and Clarence H. Lind have been reelected president and secretary, respectively, of the Kansas City (Kan.) Assn. of Insurance Agents. C. A. Tozier was named vice-president. Mr. Browne is a member of the executive committee of the Kansas association and its former secretary.

### Kan. Steering Group to Meet

The executive committee of the Kansas Assn. of Insurance Agents will meet at Wichita Dec. 18 and will be guests of the Wichita association at its Christmas party. Vice-president George F. Bacon, Eldorado, is chairman. Alpha H. Kenna, executive manager, has announced a goal of 40 new members before the end of the year.

### Sees \$4 Million Kans. Loss

Fire loss of over \$4 million for 1947 in Kansas was forecast by State Fire Marshal Latchem in a Wichita address. He reported the loss for the first six months was over \$2,000,000, with \$743,824 reported for July and \$515,338 for August. Annual losses in Kansas for several years have averaged around \$2 million, although the 1946 total was \$2,536,662.

### Opens Adjustment Office

James B. Tonskemper has opened an independent adjusting office at 410 National building, Minneapolis. He has previously been St. Paul manager for Western Adjustment.

Mr. Tonskemper has been with Western Adjustment for 16 years except for navy service during the war. In his new

position he will service the Twin City area for fire, inland marine, windstorm, automobile and investigations.

### Kansas 1752 Club Meets

The Kansas 1752 Club held its mid-year meeting at Wichita. Commissioner Sullivan and Deputy Russell Brown were guests. A. G. Hawthorne, automobile claim manager of Alliance Mutual Casualty, presided. Andrew F. Schoepfle, Wichita, ex-governor of Kansas and Republican candidate for U.S. senator, spoke.

### Report on N.A.I.A. Meet

MINNEAPOLIS—At the quarterly meeting of Insurance Agents Assn. of Minneapolis Dec. 1, L. E. Benson will report on the N.A.I.A. meeting, and the film, "Catastrophe Unlimited," will be shown.

### Gray Gives Two Talks

Theodore M. Gray, secretary Ohio Assn. of Insurance Agents, addressed the Hamilton and Middletown associations at their meetings. Ed. J. Schmidt presided at Hamilton and W. D. Long at Middletown. Gray presented an award to Leeds Bronson of Hamilton, former state president.

### Mo. Legislative Committee

ST. LOUIS—President Clifford C. Jackson of Missouri Assn. of Insurance Agents has named on the legislative committee: Holten Price, Jr., St. Louis; Robert H. Young, Jefferson City; Kenneth W. Robinson, St. Joseph, and George Oppenheimer, Kansas City. Louis Trout of St. Louis, past president, is chairman of the steering committee.

### V. L. Cooper Now on Own

V. L. Cooper has organized Cooper Adjustment Service at Magnolia, O., to handle fire, windstorm, casualty and inland marine losses. For the past 18 years Mr. Cooper has been manager at Canton, O., of Central Adjustment & Inspection Bureau of Van Wert.

Central Adjustment ceased operating Oct. 31 and Mr. Cooper will now work as an independent adjuster.

### Buyers Hear Bredberg

"Adjusting the Claim" was the subject of a talk by G. C. Bredberg, assistant manager of Western Adjustment at Kansas City at the Tuesday luncheon meeting of Kansas City insured members conference of Associated Industries of Missouri.

### Region 5 Women to Meet

Insurance women of Des Moines will be host to a meeting of region 5 of the National association April 3-4. Representatives from Iowa, Minnesota, South Dakota and Wisconsin will attend. Cecil Warford of the May agency, Des Moines, is director of region 5.

William Cornwell of the Boston spoke at the November meeting on the personal property floater.

### Warning on Ohio Filings

COLUMBUS—The Ohio department has notified fire, marine and casualty companies that the new rating laws become effective Jan. 1, and directed them to file their rating systems before that date or authorize a rating bureau to make such filing for them.

The department also has released copies of a proposed set of rules governing the reporting of loss experience, in which a hearing will be held in December.

The Insurance Women of Madison, Wis., held their "bosses' night" dinner Nov. 17.



## SOUTH

## Arkansas Prevention Meet Set for Nov. 21 at Capital

LITTLE ROCK—Governor Laney's Arkansas conference on fire prevention will convene Nov. 21 in Little Rock.

Invitations have gone out to more than 2,300 school officials and business leaders. Commissioner McKenzie is general chairman.

The governor will open the conference, followed by W. Walter Williams, Seattle, chairman of the committee on organized public support of the president's conference on fire prevention. A report of the committee on fire prevention education by its chairman, Ralph B. Jones, commissioner of education of Little Rock will conclude the morning session.

Heading the afternoon program is Clarence F. Byrns, editor "Fort Smith Southwest-Times Record," who will speak on "An Action Program for Arkansas." A motion picture produced by the navy, "The Chemistry of Fire," will be shown by Carl S. Smalley, executive secretary Arkansas State Fire Prevention Assn.

Mayor Jim Hurley, Warren, president of the Arkansas Municipal League and chairman of the committee on municipal fire prevention and protection, will discuss the recommendations of his committee. He will be followed by Waldo Frazier, executive secretary Arkansas Farm Bureau Federation and chairman of the committee on rural fire prevention. Last committee report will be given by James H. Pilkinton, prosecuting attorney of the eighth judicial district, who is chairman of the committee on laws and enforcement.

Following adjournment of the conference, its work will be handled by a permanent committee consisting of Chairman McKenzie, the four chairmen of the technical committees and Mr. Smalley.

Assisting in planning the conference have been George D. Suter, manager Arkansas Rating & Inspection Bureau; Mr. Smalley, and Henry A. Ritgerod, chairman of public relations of the Fire Prevention Association.

## Virginia Assn. Midyear Program Announced

Plans are being shaped for the first midyear meeting of Virginia Assn. of Insurance Agents at the Jefferson Hotel, Richmond, Dec. 5. Attendance of more than 300 is expected by Col. J. Earle Dunford, association manager. At the morning session there will be reports of committees, one containing a proposal to expand the present group life plan to include hospitalization.

In the afternoon session an address by a speaker of national prominence will be given. The Richmond association will be host at a social hour in the evening, followed by a banquet. T. C. Sladen, president American Magicians Assn., will furnish entertainment. Representatives from associations in states bordering on Virginia will attend.

## Fox Host to Exchange

Fred F. Fox, president Oklahoma Assn. of Insurers, was host to members of the Oklahoma City Insurance Exchange at a steak fry at his cabin on Silver Lake, with about 60 in attendance. The monthly meeting of the exchange heard reports of N.A.I.A. convention by President Rollin Baird and Dave McKown.

## Manning &amp; Sons to Build

T. A. Manning & Sons, general agents, will erect a \$150,000 office building in the Oak Lawn area of Dallas, with completion scheduled for May, 1948. It will be of modernistic design, of fire proof construction and fully air-conditioned. The building will be in the same area as the buildings of Republic

and Gulf and the proposed Floyd West & Co. building.

## C. L. U. at C. P. C. U. Affair

Lyman E. King, Minnesota Mutual Life, Dallas, representing the C.L.U., will speak at the meeting of the Dallas Insurance Agents Assn. Nov. 20, when Dean Harry J. Loman of American Institute for Property & Liability Underwriters confers the C.P.C.U. designation on five Texans who qualified for it in the June examinations.

## Ky. Mutual Seminars

The Kentucky-Tennessee 1752 Club conducted sales seminars for members of Kentucky Assn. of Mutual Insurance Agents at Henderson, Louisville and Lexington.

## New Okla. Legal Adviser

Gordon F. Hayslip has been appointed legal adviser of Oklahoma insurance board, effective at once. He is a graduate of the law school at the University of Oklahoma and recently completed four years in the navy.

Leslie Ash, local agent of Oklahoma City, who had been confined to the hospital for about a week with a slight stroke, is recovering at his home.

J. Bryant Lawton, local agent of Central City, Ky., has been named to head the alcoholic beverage commission of Kentucky.

Mrs. Josie Dean, president, appointed a nominating committee at the November meeting of the Insurance Women of Birmingham.

## COAST

## Wash. Agents to Discuss Important Matters

SEATTLE — Current problems confronting fire and casualty producers in Washington are on the agenda for the fall meeting of the executive committee and local board presidents of Washington Assn. of Insurance Agents here Nov. 21.

Harold N. Mann, Tacoma, chairman new casualty contact committee, will report on developments in connection with special casualty rating plans which have been in the limelight since the new insurance code went into effect Oct. 1. It is expected the producers' position with respect to the plans will be enunciated.

The report of the fire contact committee will be given by A. J. Peters of Issaquah, chairman. He will outline points discussed by the committee with the Washington Advisory Committee at a conference in Seattle last month.

F. W. Norgard, Yakima, state national director, will report on the Atlantic City convention of N.A.I.A. and also review proceedings of the Far-West Agents Conference there.

Most out-of-town agents will remain in Seattle the following day to witness the Washington State-University of Washington football game.

## Opens El Centro Office

Barr Adjustment Co. has opened a new branch at 129 North Fifth street, El Centro, Cal. Its other offices are at Los Angeles, San Bernardino and Santa Ana, Cal., and Las Vegas, Nev.

The organization handles fire, casualty, inland marine and aircraft adjustments in southern California, except San Diego county, southwestern and northwestern Arizona, Nevada and southern Utah.

## N. W. Department Opened

J. S. Sheppard, Pacific Coast manager of Phoenix-London group, and D. W. LaRocque, assistant U. S. manager of London Guarantee, were slated to visit Seattle this week in connection with installation of a new northwest department office, which took over representa-

## EAST

## Insured Loss on Providence Bowling Alley \$400,000

A total insured loss of approximately \$400,000 is expected to result from the destruction by a flash fire of the Rhode Island Recreation Center, largest bowling alley in Providence, located near the Pawtucket city line. Approximately 40 persons were injured in the flames, although none fatally.

The building was a one story brick that before its conversion had been a trolley car barn. It was divided into two sections, one containing 30 alleys and the other 22 alleys. In addition there was a large A. & P. grocery store. There is about \$175,000 insurance on the contents of the grocery, \$70,000 on a restaurant, and at least \$20,000 on stock, fixtures and improvements of a liquor store.

## Insurance Carried

There was \$70,000 insurance on the bowling alley itself, plus \$48,000 on the building. In addition, the bowling alley carried use and occupancy of more than \$60,000, plus \$10,000 on fixtures. The fire badly damaged a dozen or more automobiles located in an adjacent parking lot.

F. J. Leyden of the General Adjustment Bureau, Providence, is handling the bulk of the loss. W. G. Greer of New York has the A. & P. account. There will be some salvage on grocery

tion of London Guarantee and United Firemen's from Hansen & Rowland, formerly general agents for the two companies.

W. L. Harnan, veteran field man for Phoenix Assurance, is in charge. A service office is maintained at Portland, Ore., with George B. Leidig as special agent.

## Wash. Committees Named

President H. E. Carr of Washington Assn. of Insurance Agents has announced committee appointments. Chairmen are: Casualty contact, Harold N. Mann, Tacoma; fire contact, A. J. Peters, Issaquah; legislative, E. R. Bowden, Seattle; educational, S. B. Carkeek, Spokane; membership, R. C. Jenner, Seattle, and LeRoy B. Way, Spokane, co-chairmen; rural agents, James M. Blair, Puyallup; financed accounts, Alva Roberts, Tacoma; traffic safety, Gerwyn A. Jones, Walla Walla.

## Effective Date Controls

LOS ANGELES — Commissioner Downey has ruled that all fire, marine and casualty policies with an effective date on or after Jan. 1, 1948, no matter when written, come under the California rate regulatory law.

## New N. H. Service Office

New Hampshire Fire has opened a service office at San Bernardino, Cal., with Special Agent Virgil C. Smith in charge.

A. J. Peters, local agent of Issaquah, has been named on the new Washington state board of education, formed under a new law enacted by the 1947 legislature, which has full control over all public grade and secondary schools in the state.

Henry Simpson of Weston, Ida., on completing 25 years as agent of Home was presented a silver medal and certificate by State Agent A. R. Busch of Salt Lake City.

Robert P. Cunningham, Seattle local agent, has announced the affiliation of his son, R. Murray Cunningham, with his agency. Young Cunningham is attending the Aetna Casualty school.

stocks. The total property loss is estimated at \$650,000, indicating substantial underinsurance.

## Mahoney and Bennett on Buffalo Regional Program

New York State Assn. of Insurance Agents is holding a regional meeting at Buffalo Thursday afternoon and evening. The dinner speakers will be Walter J. Mahoney, chairman of the state senate insurance committee, and Walter H. Bennett, counsel of National Assn. of Insurance Agents. The afternoon speakers will be Roy A. Duffus of Rochester, vice-president of the agents' association; Henry O'Loughlin, state agent of Phoenix of Hartford, on "Personal Property Floater—Still a Good Buy," and Francis W. Potter, field supervisor of Aetna Casualty, on "Sales Fundamentals."

## Mass. Brokers Elect

BOSTON — Officers of the Brokers Assn. of Massachusetts scheduled for election at its annual meeting this week include: President, Benjamin R. Alexander; secretary-treasurer, Chester A. Weir; vice-presidents, E. B. Neal, E. S. Litchfield, R. B. McDonald, E. L. Maillet, M. J. Ladd, H. R. Preston, A. B. Dolan.

## N. E. 1752 Club Elects

BOSTON — The New England 1752 Club has elected as president Edmund S. Harris, Merchants Mutual Casualty;



EVEN if you haven't been a guest at the Drake for some time—you'll be back. Old friends always return and they're always welcome. We're proud of our reputation for comfort, service, courtesy and hospitality—they are Chicago's best. Old friend or new, once you visit the Drake you will come back. You will be welcomed.

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vice-president, John Adam, Jr., Central Manufacturers Mutual; secretary, Charles Crowley, Lumbermen's Mutual Casualty; treasurer, Frederick T. Cronin, Merrimack Mutual.

### Allocate Hartford Commissions

HARTFORD—The schedule for the annual distribution of commissions on the city's insurance policies shows \$13,082 will be given to 148 participating agents. Although the city's insurance business is handled directly between the insurance supervisor, Herbert F. Fisher, and insurance companies, each agent gets a share of the commission. Size of his share is determined by a formula taking into account the size of his business, his amount of taxable property and his number of employees.

General Adjustment Bureau has moved to larger quarters at 152 Market street, Paterson, N. J.

Merchants & Business Men's Fire, Harrisburg, Pa., and Florists Hall of Chicago have been licensed in New Jersey.

Insurance Women of Pittsburgh entertained at a bosses night dinner dance Monday. Arrangements were under the supervision of Miss Phyllis Gove.

Insurance Women of New Jersey are meeting Thursday evening to view the moving pictures, "Safety in the Home" and "Automobile Safety" which will be shown by John Nolan of Aetna Casualty. Edna Platt is chairman.

## CANADIAN

### Seek Standard Commission Contract in Canada

TORONTO—Resentment is growing in agency ranks in Canada toward an apparent downward trend in commissions. The executive of the Ontario Insurance Agents Assn. has under consideration several proposed resolutions, one of which would provide that a committee be appointed to draw up a standard contract between agents and companies, with a clause that the commissions cannot be changed without 60 days notice, and that if the parties cannot agree on a change in commission, an arbitrator be appointed to settle disputes.

Another resolution proposes that fire and casualty companies be asked to increase agents' commissions 5% to partially offset the greatly increased cost of operation and the cost of living.

Still another deplores the recent action of Canadian Inland Underwriters Conference in reducing commissions on inland transportation lines without consultation with the agents.

### N. W. Mutual, N. W. Casualty Curtail in Eastern Canada

Northwestern Mutual Fire has withdrawn from the direct-writing field in eastern Canada, its departmental office at Hamilton, Ont., announced.

Fire and casualty lines written by Northwestern Mutual and Northwest-Casualty in Ontario, Quebec, New Brunswick and Nova Scotia were re-insured effective Nov. 1 by Economical Mutual Fire of Kitchener, Ont.

Northwestern Mutual and Northwest Casualty are continuing direct-writing operations in western Canada, including prairie provinces and British Columbia.

### Airport Loss at Victoria

VICTORIA, B. C.—Fire of unknown origin caused a \$100,000 loss at Patricia Bay airport. It destroyed a hangar containing seven large flying boats and an automobile.

### Ontario Agents Elect

Ralph Duclos of Ottawa has been re-elected president of the Ontario Insurance Agents Assn. Vice-presidents are: Territory 1, Earl Martin, Kingston; 2, A. H. Seibert, Kitchener; 3, R. C. Doering, Hamilton; 4, H. M. Smith,

Chatham; 5, A. Goring, Sudbury; 6, R. Philpot, Fort William; 7, F. R. Hearne, Toronto.

### Hurry Elected President of Dominion Board

Alex Hurry, manager for Canada of Northern Assurance, has been elected president of the Dominion Board of In-



ALEX HURRY

urance Underwriters. First vice-president is J. V. Owen, Guardian Assurance, and second vice-president J. E. Haskins, Norwich Union Fire.

### Agents' Finances Probed

TORONTO—The Ontario department is conducting a questionnaire investigation into the condition of agents and agencies, as to extension of credit, whether there is a separate insurance fund or trust account, and what is the balance.

Superintendent Whitehead says 80% of those who have made returns can have no criticism directed against them.

The Federal has been admitted to Saskatchewan.

### Mutual Companies Not Slated for Tax Hearings

WASHINGTON—While hearings on tax exemption have been in progress several weeks before the House ways and means committee and are scheduled to continue after Thanksgiving, mutual insurance interests have no witnesses listed as yet. Upon conclusion of the hearings on cooperatives the committee will take up "other tax exempt organizations."

Chairman Knutson has remarked that there have been no requests for time in connection with hearings on mutual companies. This situation has been called to attention of mutual interests, which are reported to have been conferring on the subject.

Rep. Ploeser, Missouri, chairman of the House small business committee, was scheduled to appear at the tax exemption hearing and give a review of activities of his committee, which has given some consideration to the mutual insurance situation.

Sheridan Barnes, of Elizabethtown, Ky., president Kentucky Assn. of Insurance Agents, is back from Washington, where he took an active part in arguments before the hearing.

### Mexican Insurers Taxed

Mexican insurance companies that are licensed in Texas for the special purpose of providing Mexican automobile insurance coverage are liable to the same premium tax as all other foreign insurers, Attorney General Daniel has declared.

## Would Sell Need for Medical Cover

(CONTINUED FROM PAGE 25)

coverage. William Washburn, American Health, chairman of the medical insurance committee of the conference, who had charge of the entire session, stated, however, that no satisfactory way of writing the business on that basis has been worked out as yet.

The reluctance of agents to sell medical insurance because of the low commission was mentioned as one of the factors in the small amount of business now in force. It was emphasized by several speakers that if the low price at which it has to be sold in order to get a spread of business makes necessary a lower commission, the agents should be educated along that line.

The earlier part of the session was devoted to a review of companies now writing medical care coverage, types of coverage written and rates and the experience to date. Problems of both group and individual coverages were taken up. It was brought out that individual or family group policies are being written both on an allocated basis, with specific amounts for doctors' calls, usually with elimination of three or five calls, attached as a rider to regular A. & H. or hospitalization policies, or on a blanket basis, providing up to \$150 to \$500 medical and surgical, with \$25 or more deductible.

The question was raised as to whether a company does not lay itself open to imposition in the way of excessive charges on this latter basis. One company's way of meeting this situation is to write the secretary of the medical society in the offending doctor's city and get from him the customary charge for the particular operation or service involved. When the doctor is confronted with this data, he always finds out that there has been an "error" in his bill.

Howard Brower of the council on prepaid medical care of American Medical Assn., who was formerly with the Michigan department and with Fidelity Health & Accident, told of its plan and how it is working out and a report was given on prepayment medical care programs sponsored by state medical societies in co-operation with private insurance companies now in operation or about to be launched in Arkansas, Connecticut, Illinois, Maine, Minnesota, Rhode Island, South Dakota and Wisconsin.

### HOSPITAL SURVEY

The past three years have produced a decided trend toward liberalization of hospital insurance. I. A. Weaver, Secured Casualty, chairman of the hospital insurance committee of the conference, reported at the meeting of that group.

Mr. Weaver compared two surveys the committee made in 1944 and 1947. The first showed a disappointingly high proportion of exclusions and other undesirable policy features, he said, but early results on the second indicate that nearly all companies have since issued new, broader forms. Policies designed only to take in money are now disappearing from the market, he declared. More and more companies are marketing policies with modified waiting period and preexisting condition clauses.

With an agenda of 10 subjects, the meeting consumed a full day. Mr. Weaver presided, and topics were divided among committee members. There were more than 90 attending.

Only action taken was a decision by the group to formulate a uniform hospital assignment blank. C. E. Waller, Professional, who had charge of that discussion, remarked that his company furnishes a hospital assignment on the back of each premium receipt, thus giving proof to the hospital at the same time that the policy is in force. This has worked successfully for some years. The group had much praise for the system used by Professional, and favored adoption of a uniform blank in order to

get hospital cooperation.

There is a definite question as to whether the companies should pay the insured, the hospital, or the hospital at the insured's request, Mr. Waller pointed out. A show of hands revealed that only a few companies provide a blank to insured with the policy. More than half turn it upon request.

Discussion of rating bases for dependents on family group policies brought out that there are almost innumerable ways of rating children and wives. Of four methods presented in the agenda, it quickly developed that most companies use a combination of several. The difficulty in rating is caused by the high claim cost on women. When maternity benefits are included, companies generally pay \$3 for women to every \$1 on a man. Mr. Weaver observed that the hospital survey shows that women cost twice as much as men even without maternity.

Martin H. Imm, St. Paul Hospital & Casualty, reviewing daily room and board benefits, pointed out that in metropolitan centers most people of necessity use rooms at a daily cost of \$7-\$8, while in smaller towns the average cost is \$5-\$6. Of the companies present, more than half have already increased their benefits to those figures. However, it was pointed out that even with higher proportionate rates, the loss ratio on the higher limits is more than that for the old limits.

Discussion on miscellaneous hospital expense, led by W. R. Wellman, Mutual Benefit H. & A., covered methods for providing that coverage. It was generally agreed that a mixture of an allocated and blanket schedule is the best sales wise. When a long list of items for which the company will pay is presented, it offers more sales appeal than a simple blanket schedule subject to a maximum of 5 or 10 times daily benefits. Mr. Weaver interjected that the survey shows that claim cost is about equal on the allocated and blanket methods.

Some interesting opinions were expected on the subject of straight flat indemnity vs. reimbursement or "expense incurred" coverages, but several participants pointed out that increased hospital room costs have made the two nearly equal in claim cost. It is almost impossible for an insured to get a room below the flat indemnity rate.

### Maternity Hot Subject

The question of what to do about maternity benefits proved a hot topic. William Washburn, American Health, discussion leader, said that even a \$50 maternity benefit is unjustified as a straight insurance proposition.

Maternity benefits are a result of competition, he declared, and they present a headache for the claim department. Further, the premium necessary to provide the coverage must be spread to many who have no need for it. He suggested that maternity benefits could be dropped and broader coverage given on other items.

One member said that his company finds one of every five health claims is for maternity, and 1 of every 2 3/4 female claims is maternity. Another cited a group case on which 40% of claims were maternity. The policy was in force for only a year, plus the maternity carry-over.

However, it was agreed that from a social standpoint, the companies are obliged to offer maternity benefits. Although it is a hardship in the claim department and companies are subject to adverse selection, it will continue in the policies with limits of about \$50.

Porter Bywaters, Employers Casualty, had charge of discussion on issuance of family group policies for the wife and children only when the husband has other insurance through his employer. Again the problem of high female costs showed that this is a hard nut. Many companies will not take a wife without the husband.



## Famous American Homes

### Dr. John McLoughlin *Father of Oregon*



**N**O EASY TASK awaited John McLoughlin in 1824 when he assumed his duties as manager of the Hudson's Bay Company interests from the Rockies to the Pacific, from Russian Alaska to Spanish California. During twenty-two successful years the Quebec-born trader was the hope and support of Oregon country pioneers, king of a thousand Canadian trappers and autocrat of a hundred thousand Indians.

The second quarter of the last century was critical in the history of this vast wilderness, and McLoughlin became its outstanding figure. Despite orders to subdue the Indians while still inducing them to collect furs and to keep the land wild for fur-bearing animals by discouraging agri-



cultural settlers, his conscience and humanity won out; it was his generosity to American immigrants reaching his territory in a destitute condition that earned him his recognition as "Father of Oregon." His encouragement of agriculture and the exportation of lumber, salmon and flour were of great commercial importance at a time when the country was looked upon merely as a good trapping ground. However, his superior's complaints against this policy eventually culminated in an order to give no further aid to settlers. In 1846 McLoughlin resigned rather than obey and moved to Oregon City where he became an American citizen in 1851.

His home there, probably designed by Dr. McLoughlin himself in a colonial style adapted to pioneer living conditions, was built largely of lumber hand-hewn on the spot. The doors and windows were brought around Cape Horn from the East. The furniture, silver and china came from England. This patriarch of the Northwest was an imposing personality, 6 feet 4 inches tall, with long white locks that had earned



The dining room furniture was used by McLoughlin at Fort Vancouver

him the Indian name of "White Eagle." In his new home he maintained a high standard of living for the times and more than once reproved the colonists, "Your manners, before ladies," when hats were not removed in the presence of his part Indian wife.

His house now has been moved from its original site to a bluff above the river on land McLoughlin gave the city for a public park. It is administered by the McLoughlin Memorial Association, the Municipality of Oregon City and the National Park Service.

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